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EDITORIAL

As We See It

Last week Americans for Democratic Action met in annual convention in Washington. This outfit is said to have done its best in 1948 to prevent President Truman from being nominated by the Democratic party. It failed, of course, and now both appear eager to stand before the public as partners in great achievements. In many of its characteristics, this group of Americans for Democratic Action reminds the old timers of the ladies' "Committee on the Cause and Cure of War," which flourished for years upon the anti-war reaction following World War I, but this newer organization, although inheriting many of the members of the older, has broader representation and has managed so far at least to pass itself off as a sort of residual legatee of original New Deal ideas.

The President evidently regards it as a useful ally of the Democratic party, and took occasion at the week-end to deliver a political harangue at its convention. It would hardly be reasonable, we suppose, to expect any rational, reasonable or accurate discussion of current events upon such an occasion. At any rate, facts could scarcely have been worse twisted to make a trap for fools, and all the familiar slogans (as well as a few others) were in evidence. Unfortunately, however, whatever scorn the statesman must feel for such performances as this, and no matter how obvious the misstatements of fact and the lack of understanding of principle, none of us with the good of the country at heart can for a moment afford to underrate the dangerous possibilities of this rabble-rousing sort of appeal.

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Equity Securities as Savings Bank Investments

By ALFRED C. MIDDLEBROOK*

Chairman, Investment Committee, Savings Banks' Association of New York State
Vice-President, East River Savings Bank, New York City

Mr. Middlebrook reviews progress toward equity investments by savings banks throughout nation. Deplores refusal of New York Legislature to include commercial banks' shares as savings bank investments. Although favoring stocks as savings banks' investments, points out risks involved. Discusses plan of New York savings banks to operate an investment company as medium of equities investment and concludes, equities will not solve savings banks' investment problems and therefore such securities will occupy only minor position in portfolios of these institutions.

That equity investment for savings banks is not a new development should be duly emphasized although it is hardly necessary to do so before a group of New England savings bankers. For many years savings banks in the New England States have enjoyed such powers restricted largely, however, to shares of commercial banks. The record reveals that this authority has been prudently employed and that over the years it has been of considerable advantage and of measurable benefits to the savings banks.

A. C. Middlebrook

Recent liberalization of the statutes governing savings bank investment powers in Massachusetts and Pennsylvania further signalize the acceptance of bank stocks as appropriate investments for savings banks. In 1950 the banking law of Massachusetts was amended to supplement existing powers covering stocks of commercial banks located within the Commonwealth with restricted au-

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*An address by Mr. Middlebrook at the Investment Forum of the Savings Banks' Association of Connecticut, New Haven, Conn., April 29, 1952.

Rails Increase in Investment Fund Favor

By HENRY ANSBACHER LONG

Although the utility group was still most heavily bought in last quarter, the carriers moved into second place. Radio, electrical equipment, chemical and food shares continued popularity, and increased interest was shown in paper, drug and auto companies. Steels and non-ferrous metals were sold. Twelve funds invested in Owens-Corning Fiberglas.

Carrier shares forged ahead in favor among investment company managers during the first quarter of 1952, taking second place only to the utilities in fund purchases. The power and light issues were bought in the same volume as in the previous three-month period and the total number of over-all portfolio transactions, as well, paralleled remarkably that of the earlier quarter.

Henry A. Long

Chemicals, electrical equipment, food and radio companies maintained their popularity with trust managements; and the favorite individual issue of the quarter, Radio Corporation of America, was in the latter group. Fourteen investment companies, representing a dozen separate management organizations, purchased a total of 83,200 shares. Largest acquisition was made under the supervision of the Investors Management Company, consisting of 28,000 shares for Fundamental Investors and 2,000 for Investment Management Fund. Interest increased in paper stocks by 50%, and the drug and pharmaceutical issues found greater acceptance during the quarter under review. The two major publicly-held auto companies, General Motors and Chrysler, as well as Studebaker, all met with a more friendly reception than during the closing months of 1951. In contrast, selling on balance was rather pronounced in shares of the two steel colossi, Bethlehem and United States Steel. Non-ferrous metals were also sold on balance. The build-

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PICTURES IN THIS ISSUE—Turn to pages 28 and 29 for pictures taken at the Fifth Annual Convention of the National Federation of Financial Analysts Societies, held in San Francisco and Los Angeles.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

KENNETH C. HORRALL
Investors Service Department, J. A. Hogle & Co., Los Angeles, Calif.

Richfield Oil Corporation


Kenneth C. Horrall

In naming the stock of Richfield Oil Corporation the security I like best, I should say at the outset, that this selection is not made with any thought of knocking a home run. The factors involved in the selection relate to an attempt to keep risk at a relatively low level while securing profit possibilities of fairly good proportions. The profit possibilities combine a livable immediate return plus future growth. The selection, then, represents a security which, in my opinion, is suitable for all around investment purposes.

Without much doubt the greatest single factor affecting the welfare of Richfield since the present management took over the old properties of the reorganized company in March of 1937, has been the discovery of oil in the Cuyama Valley of California. Out of a total of 1,079 net wells producing or capable of producing oil and gas which Richfield was operating at the end of last year, some 335 were in the Cuyama Valley. This is significant since all the oil produced in the Cuyama Valley is above 30 degree gravity which places it in a relatively high category for California production. As a matter of fact, almost 93% of Richfield's net reserves are estimated to represent crude having an A. P. I. gravity of over 30 degrees.

Recently, however, Richfield has made another discovery which possesses very significant characteristics. The company brought in a new well on land leased from Kern County Land Company in the Wheeler Ridge Area of the South San Joaquin Valley. This well was drilled to 9,756 feet and came in with more pressure than any well which has been drilled in the State of California during the last 20 years. The gravity of this oil is fractionally above 36. The initial flow of oil was at the rate of 1,170 barrels through a quarter-inch bean along with 1,550,000 cubic feet of gas. This new well is producing from a 157-foot section of Eocene sand in contrast with the younger Miocene sands in the South San Joaquin Valley from which oil is also being produced. While there may be some question as to whether or not this new discovery should be looked upon as merely a significant deep zone development, or should be recognized as a major new field discovery, the facts are that some characteristics of a major discovery are present. Richfield is now under way in drilling an offset well some 933 yards southwest of the discovery well.

Richfield has leased in this area some 2,700 acres, principally lands of Kern County Land. In addition to this, however, the company has some 27,000 acres leased in the Tejon Ranch area some six miles eastward. Some geologists believe that these Eocene sands are to be found widely distributed in the area.

In terms of crude production and refinery runs Richfield has increased its net oil production from 9,072,000 barrels in 1948 to 21,403,000 barrels in 1951, while refinery runs amounted to 27,014,000 barrels in 1948, and to 37,141,000 barrels in 1951. In these two years then the change in production to refinery runs was from 33.6% in 1948 to 57.8% in 1951.

In addition to the above indicated reserves, mention should be made of the relationship of Richfield to the City of Long Beach and some of its production there. In 1951, Richfield produced for the City of Long Beach some 4,538,000 barrels of oil and under the arrangement with the city, Richfield is entitled not only to its share of this oil, but also to the privilege of buying the remainder which belongs to the city. Since these reserves are estimated to be about 37 million barrels, Richfield in effect has control of that additional amount.

During the past 15 years Richfield has built a new refinery near Wilmington, Calif., and spent some $36,414,000 on improvement since its construction. Whereas some 15 years ago the company owned only 24 retail outlets, it now owns 562, and its products are sold through some 3,762 stations including those owned.

At the end of last year, Richfield owned 27,198 acres of land and held under lease 144,768 acres. In addition, the company held options on 71,329 acres. Of the acreage owned 1,490 have been proven while 10,200 acres of the leased land have been proven to be productive of oil and gas in commercial quantities. Some 520 acres have been proven as to natural gas only.

Of the 4,000,000 shares of stock outstanding, 1,223,581 are owned by Sinclair Oil while 1,257,977 are owned by Empire Gas & Fuel (Cities Service) leaving 1,518,442 shares in the hands of the public. Preceding these shares there is a funded debt of $50,000,000. Richfield is in strong financial circumstances, and its properties are well maintained. Earnings in 1951 amounted to $7.05 a share of stock while dividends paid in that year were $3.50 a share. Such earnings compare with $5.76 in 1950 and $5.11 in 1949. There are solid reasons for expecting a continuance of this improving trend.

The operations of Richfield are relatively compact since the company's territory is essentially the Pacific Coast. It is significant that the company's relatively high gravity production is also on the Pacific Coast, and Richfield occupies a rather unique position in that respect. The affairs of the company are definitely improving, and Richfield should fare relatively well even in an environment which is less favorable to the oil industry generally than exists today.

LYMAN S. LOGAN
Analyst, Clark, Dodge & Co., N. Y. C.
Members New York Stock Exchange

Kimberly Clark


Lyman S. Logan

The stock I like best under present conditions is Kimberly Clark common. This industrial common stock seems to me to pass most of the usual tests that are ordinarily applied in such a selection and I believe it has some other qualifications as well.

At the present time, I am placing more emphasis on stocks in the non-durable goods industries which have a growth trend, a stability in earning power, a growing cash position and a low payout of dividends in earnings.

It is my feeling that the proportion of the national product which will be in the form of consumers non-durable goods will increase and that the proportion of durable goods will decrease. I believe these trends will continue for an extended period of time.

Partially, my reasons for this belief are to be found in the figures of population and the trends to be expected for the next four years. It is clear that this increase in population in these years will be largest in the very old and the very young age groups, namely those over 60 and those under 18.

These groups require more non-durable goods such as food and clothing. Their requirements of durable goods such as housing and cars are not relatively so great, as for example, for young people who are forming new families. In this latter group the population figures show a decline over the next four years.

Other reasons for expecting the proportion of the national product to shift to non-durable goods from durable goods include the filling of the backlogs of demand for producer and consumer capital goods (including industrial plants, housing and automobiles).

Kimberly Clark fits into the above pattern of selection. It deals in non-durable goods—specialty paper products for which the demand is relatively stable but growing at a better than moderate rate.

The two principal divisions of this company's business are white paper and cellulose wadding. White papers, accounting for approximately 34% of dollar sales in the last fiscal year, include principally magazine, plain and machine coated book and rotogravure papers and are sold largely to publishers of magazines and newspapers and mail-order catalogue houses. Cellulose wadding products, accounting for more than 63% of dollar sales, include sanitary wadding which is

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Major Influences in the Government Bond Market

By WESLEY LINDOW*

Vice-President and Economist, Irving Trust Company, N. Y. C.

In considering probable Treasury financing, New York bank economist, in estimating such borrowing in remainder of year will reach $12 billion, predicts nonbank financing is not likely to cover more than half this sum, leaving from $5 to $6 billion to be absorbed by commercial banks. Looks for little upward change in interest rates on government issues, forecasting continuation of current 2¾% rate on medium-term non-marketable bonds, instead of a 30-year 3% marketable issue.

When I was invited to appear on this program several weeks ago, my first step was to write out a list of questions on my assigned subject which I thought might be in your minds these days.

Wesley Lindow

Finally, I boiled these down to five questions which seemed to stand out in importance. I would like to consider these questions today, not exactly from the point of view of trying to develop specific and dogmatic answers, but rather with the objective of reviewing relevant data and in some cases presenting pros and cons on controversial matters.

My five questions are as follows:

(1) How much money will the Treasury need to borrow by the end of this year?

(2) What are the possibilities for financing Treasury needs from nonbank sources?

(3) How much financing may have to be done through commercial banks, and how may it be undertaken?

(4) What are the pros and cons regarding a 30-year 3% bond?

(5) How will deficit financing affect interest rates?

These questions call for the use of a large number of figures; I hope you will not fall asleep and wake up with a horrible sensation that I am reading a table of logarithms.

Amount of New Treasury Financing

(1) *How much money will the Treasury need to borrow by the end of this year?*

All told, I think that the Treasury will have to finance $12 billion in the 8-month period from May 1, 1952, through the end of the calendar year. This figure is made up of a cash consolidated deficit of $9 billion and public debt maturities and attrition of $3 billion. These estimates may be explained briefly as follows:

First, the cash deficit of $9 billion. The official budget of the President calls for total expenditures of $71 billion in the fiscal year 1952 and $85.4 billion in the fiscal year 1953. These figures seem to work out to an expenditure program of $82 billion in the calendar year 1952. However, expenditures have been running considerably behind the pattern indicated in the budget. In the current semi-annual period alone expenditures are apparently going to run about $4 billion behind the budget. I believe that the rate of spending will soon rise considerably, but I imagine that we will still see expenditures run about $2 or $3 billion behind the budget estimates in the last 6 months of the year. For the calendar year as a whole, therefore, I am estimating that expenditures will run about $75 billion, or about $7 billion behind the President's program.

Receipts are also apparently going to run behind the official estimates, but by a much smaller margin. As I interpret the official fiscal year estimates in the budget, receipts are expected to bring in about $68 billion in the present calendar year. As matters stand now, the March tax collection experience seems to suggest that receipts will run to perhaps $66 billion, or about $2 billion behind the budget in calendar 1952.

Now as to the deficit for the calendar year. The budget figures suggest a deficit of about $14 billion; this will be reduced to about $9 billion on the basis of my calculations. There will be a net surplus in trust funds of about $4 billion which will leave a cash consolidated deficit of roughly $5 billion for the full calendar year. Since there was a cash surplus of about $4 billion in the first 4 months, there is an indicated cash deficit of $9 billion for the period May 1-Dec. 31.

Second, public debt maturities and attrition of $3 billion. This comprises 3 items, namely: (a) the tax bill of $1¼ billion maturing in June, (b) net redemptions of savings notes in the amount of $½ billion in excess of sales, and (c) attrition on exchange offerings of $1¼ billion. In the 8-month period from May through December, there will be about $20 billion of certificates coming due which I have assumed will be refunded with a 6% attrition rate—which is the average experience in the last six months. I have also assumed, for convenience, that Treasury bonds coming up for possible call in this period will not be called by the Treasury. Almost $25 billion of bonds, mostly 2% issues, become eligible

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*An address by Mr. Lindow before the 32nd Annual Conference of the National Association of Mutual Savings Banks, Boston, Mass., May 15, 1952.

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Articles and News

Regular Features

*Mr. May's sixth article in the series on the International Economic Conference in Moscow, which he attended as a correspondent, appears this week.

**See cover for Henry Ansbacher Long's quarterly analysis of Investment Company operations.

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Television Outlook Better

By H. L. HOFFMAN*
President, Hoffman Radio Corporation

Asserting outlook for television is bright, not only in manufacturing but in programming and telecasting, leading West Coast TV producer reveals stupendous growth of television in recent months, particularly in Pacific Coast area. Cites Hollywood's role in making films for television and beneficial effect of Federal Communications Commission in lifting freeze on new TV stations. Says inventories of most well accepted brands of TV sets are at levels consistent with current sales, but warns intense competition will cause only the strong to survive. Holds television will not injure newspapers or movies as advertising media, and calls attention to use of TV in industry and education.

The outlook for television today is bright indeed. It looks better today than it did during 1950. Federal Communications Commission has released the freeze on new stations and with over 1,000 new communities getting television during the next three years, it would certainly appear that optimism is in line.

H. L. Hoffman

Certainly no state that has experienced a 50% growth in population in the last decade and whose people have made such effective adjustments to a hectic postwar economy could escape your expert eye, and I am sure you can tell us something about our agriculture, our aircraft manufacturing, our motion picture production, our steel, aluminum and magnesium mills as well as our great oil industry and many others. However, I felt I might add something to your knowledge of the television and electronics industry in the West before I give you my outlook for television. I may have a few modest words for the most talked about company in electronics out this way—Hoffman Radio Corporation.

Today Hollywood is making more films for television than for theatres. More Hollywood workers, actors included, are currently toiling in television than in the major studios. Producers are now saying a live show can be filmed with quality as cheaply as it can be sent out on the air direct, and this with only 108 stations on the air. Television may be like the prosperous flea who bought his own dog.

*An address by Mr. Hoffman before the Fifth Annual Convention of the National Federation of Financial Analysts Societies, San Francisco, Cal., May 6, 1952.

The West Coast Television Industry

There are approximately 140,000 people now employed in our airframe industries of Southern California and according to a recent survey made by the Inspector of Naval Material in Los Angeles, there are approximately 50,000 people employed by electronic prime contractor and electronic component manufacturers, with over 6,700,000 square feet being utilized in Southern California for electronic work. This figure does not include the fine facilities and personnel employed in Northern California. It does not include many additional subcontractors and suppliers and if these were added, the end result would be that there are approximately two-thirds as many people employed today in television and electronics in California as there are in the aircraft industry.

A Labor Department survey recently published states there are more people employed in military and industrial electronics in the Los Angeles area than in the Chicago area. Before the war, we people here on the Coast made 1% of all the radios in the country yet consumed 18% of them. We are now making 6% of all the television sets and consuming 13%.

The growth of electronics in the West has been at a faster rate than any other area in the country and there are some very excellent reasons. To name a few, they are:

(1) We have fine engineering departments in our universities here on the Coast. Formerly electronic engineers who graduated from Cal-Tech, Stanford, California, UCLA, USC and other top-notch schools were forced to move East to get opportunities. This condition no longer applies. There are plenty of opportunities here where they want to live.

(2) There have been many service laboratories installed here on the Coast, including Inyokern on ordnance, Point Mugu on guided missile, Point Loma on sonar, Moffitt Field on systems testing and Atomic Energy activities in New Mexico, Oregon and Nevada.

(3) 60% of the aircraft manufacturing is done here on the West Coast and much of the design and field testing is done here.

(4) A great deal of the ship overhaul program is done on the West Coast.

(5) Probably as significant as any other reason is the fresh approach of its personnel to engineering, research, development and production problems.

(6) The Industry Mobilization Plan of setting up second manufacturing sources in geographically different areas on important electronic gear is giving many West Coast prime contract as well as component manufacturers new opportunities.

Some ten years ago when I had the pleasure of organizing the West Coast Electronics Manufacturing Association, the West's contribution was exceedingly small and we were producing at the rate in 1942 of approximaately 25 million dollars per year. This was increased to 250 million dollars per year before the end of World War II. It is my opinion that if we could get all of the facts together we would find that the overall electronic and television industry is producting goods today on the basis of ½ billion dollars per year.

Our own company is producing military electronics at approximately five times the rate of World War II and plans on doubling this before the end of 1953. Fortunately, we maintained a staff of research and development engineers during the period from 1945 to 1950 and were able to contribute in the development and production engineering phase on many of the equipments that are being produced today. Consequently, when it was necessary to expand military electronic production, we had the basic core of personnel and facilities available and indoctrinated in the complexities of the military production.

We are handling a great variety of electronic engineering and production. We have over fifty different jobs in the process at the present time, and are doing business with the three branches of the Navy—BuShips, BuOrd and BuAer—, the Signal Corps and the Air Force. We are working on several types of radar, sonar, small sea rescue transceivers, large field transmitters, communication transmitters and receivers for all Services, Frequency Shift Receivers and many highly classified research programs.

We have an engineering staff of approximately 300 people on military electronics. At the same time we are working on military, our engineering group are constantly studying the new techniques and new ideas for commercial application.

It is estimated that our military electronic business will represent approximately 50% of our billing in 1952 and that our overall billing will be approximately twice that of 1951. The present schedules that we have run through 1954 on production, but the research and development schedules are unlimited, so it appears that although production may shrink, depending on our overall national budget, there is not much question but what the research and development in the electronic laboratories must be continued if we are to maintain that security which superior weapons generate.

Sensational Growth of Television

The sensational growth of the television industry is a story you all know. Much has been written about it. You have felt it in your homes and in your business. I need not remind you that the television manufacturing industry has grown from a fifty million dollar billing in 1947 to a one and one-half billion dollar billing in 1950 and slightly less than this in 1951. All told, the manufacturing phase of the electronic industry on radios and television has built, at the factory level, some 5½ billion dollars worth of goods the last five years. Television itself became a billion dollar industry in a period of three years as compared to the automobile industry which took ten years.

I need not remind you that television has influenced American life and habits more than any new product on the American scene since the advent of the automobile. Television brought the family back into the home after the automobile had taken it out.

I need not point out that this new miracle—the magic mirror of television—is the most effective means of mass communication the world has ever known. I need not tell you that some of the major capital gains your customers have made in the last few years were made in television stocks.

I would suggest that in looking at television and all of its complex and interesting phases, one should not take a day to day view or be swayed by inspired press releases. The television and electronic industry's performance to date justifies your taking a long range view. It is a new business; however, you will find some of the country's strongest companies among the leaders in television with both sound financial and management structures.

TV has had its awkward moments and we will have them again. We had them last year, when, influenced by the government's talk of shortages, we forgot that this is a seasonal business. However, there are very few businesses in the United States that do not have a seasonal fluctuation in a normal market. Normally the industry will produce and sell 40% of its goods the first six months and 60% the second six months. Last year we produced 60% of our goods the first six months instead of 40%; consequently, we got in trouble.

This year, however, inventories of most well accepted brands are at levels consistent with current sales. Our own sales are running at a higher level in 1952 than 1951. We are fortunate in having a good segment of our primary market in Texas and Oklahoma, which are scheduled to be joined by cable and microwave to national programming as of July 1, 1952 so they will be able to see the GOP and Democratic Conventions, as well as other fine programming.

Television today is essentially a free enterprise, highly competitive industry on the manufacturing and selling front. The effectiveness of this industry should be measured in terms of benefits provided its customers, profits and wages returned to its stockholders and employees and a high level of general public service.

On any of these counts and by any other standard of measurement, the accomplishment of television stands as a testimonial to the effectiveness of the American free enterprise, competitive system even though its freedom is restricted by bureaucratic regulations.

Let's look at England where they have had television since 1935 and the total number of sets now in use is less than those in Southern California, with only two stations and with a limited number of hours of programing, and that programing dictated by the English Government.

Only the Strong Will Survive

Like the automobile industry and the radio industry before us, there will be some fatalities at all levels and only the strong will survive. However, size in itself does not necessarily represent strength. Television manufacturing is a fast business requiring great flexibility and tight material controls, alert merchandising and resourceful sales promotion ability, low cost manufacturing and far sighted research and development. Strong executive leadership is required and young, aggressive personnel with close lines of internal communication.

Each company must establish its definite spot in the market. Our own company has concentrated its activities here in the West and by so doing, one out of every seven television sets in the Pacific Coast states is a Hoffman.

We have built a quality product, designed it for the extra performance and extra distance reception required here and styled it with a fresh styling for Western homes. We have priced it at moderate prices and backed it with an aggressive and intelligent advertising and sales program. Our manufacturing costs are competitive with those of larger volume and the manufacture of our products here in the West gives us a definite edge because of the high freight cost for our competitors manufacturing in the Middle West and East.

We can't tell you what companies will survive and what our competitors are going to do but I can tell you that we intend to stay in first position here in the West.

What to Expect From Expanded Markets

Let's examine the present markets and analyze what we may expect in the way of expanded markets due to the recent decision by the Federal Communications Commission.

Before doing so, however, I would like to comment that the future of our industry, like the future of the country, is tied to a change in the overall philosophy of the Executive Branch of our Federal Government and the appointments that it makes to the various commissions that have direct control over various business activities. We suffer from the same malady that our entire economy suffers. A few people in Washington believe they can mastermind every move for the poor ignorant public and industry. There is a distrust, suspicion and outright antagonism against the people that have made this particular industry great, who have done such an outstanding job in building the finest mass communication system the world has ever known and giving free of charge the best level of entertainment, education and public service.

The economics of the problem today are also more significant. In 1948 and 1949, most telecasting stations lost money. 1950 showed a definite improvement but in 1951, the four networks and the 108 television stations did $239 million worth of business and showed $43,600,000 in profits before taxes. Such figures as these are certainly going to make the battle for channels an intense one.

FCC put the so-called freeze on the granting of additional construction permits for channels on Sept. 28, 1948. This was to be on for six months to study various technical matters. It was on 44 months and on April 12, 1952, FCC notified everyone that the freeze was to be lifted, effective as of July 1, 1952.

This new allocation of frequencies gives a total of 1,275 communities 2,051 channels, with 606 VHF channels and 1,445 UHF channels. Between April 12 and July 1, present applicants must

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Barometers of industrial production the past week registered a slightly higher level than in the preceding period, despite the fact that total output remained measurably under the prevailing level in 1951. As a result of the nationwide oil strike many of the nation's oil refineries were closed down. However, on Wednesday evening of last week the striking oil workers were reported to have accepted a government ceiling of 15 cents an hour on wage increases. The "break" in the 15-day-old strike came after the Wage Stabilization Board announced it would sanction any 15-cent boost which may be agreed upon, and reject any settlements above that figure. Economic Stabilizer Putnam promptly approved the board's decision. Oil companies, many of which had already offered a 13-cent hourly hike, were expected to settle quickly with the unions.

It was further reported on Tuesday of the current week that the 10,000 striking employees of Sinclair Oil Co. voted to go back to work and it appeared the nationwide oil strike was fast coming to an end.

At the same time it was announced that about 4,000 other workers also either had returned to work or would do so shortly.

The Sinclair negotiations were considered the crucial test which would determine the end or continuation of the strike.

Steel production last week advanced to 101.2% of actual rated capacity from 85.5% in the preceding period when mills were still in the process of recovering from the steel shutdown of the last week in April. This week the rate has been placed at 101.3% of capacity by the American Iron and Steel Institute, being equivalent to 2,104,000 tons of ingots and castings.

Steelmaking capacity in the United States has passed the 110,000,000-ton mark, according to "The Iron Age," national metal-working weekly. Officially, it is still listed at 108,587,670 net tons, a figure established at the first of the year. But since then enough new furnaces have been brought into production to bring actual capacity above 110,000,000 tons per year.

Actual capacity higher than its official rating has enabled the industry to bounce back to a high rate of operations quickly after the two recent shutdowns and, adds this trade paper, unless new official capacity ratings are soon established, some really phenomenal production rates will be reached. It is possible that the industry could find itself operating at some unheard of figure like 110% of rated capacity—an achievement which would undoubtedly make some people blink their eyes in disbelief.

Of course, this terrific rate of expansion and production is bound to affect the steel market. Despite the loss of 2,500,000 tons of production from the two short strikes, steel companies are gradually beginning to whittle away at order backlogs, it states. Most firms have fewer orders on their books than they've had at any time since the latter half of 1950. Generally, order backlogs of the big producers have declined only slightly. But a number of small and nonintegrated producers need business badly.

Detroit has again become one of the tightest areas in the steel market, "The Iron Age" notes. Buoyed by bigger production quotas and the removel of Regulation W, auto makers are again aggressive in their procurement. Though it may be temporary, steel buyers in Detroit are encountering market conditions similar to those which existed before the production cutbacks early this year.

Aside from sheets, other spot shortages are bringing rush emergency calls from plants. These indicate unbalanced inventories—a condition aggravated by the recent shutdowns. There is no easing on these items which are being gobbled up by defense; plates, bars, shapes and forging billets. Critical supply is being taken for granted and planned on in advance.

Elsewhere the market shows every sign of coasting, declares this trade authority. With certain painful exceptions, producers are booked nearly as far ahead as they'd like to be. And consumers generally aren't pressing for quick delivery.

Strong demand continues for heavy structurals, large diameter bars, rods, and oil country goods and line pipe. Inventories of hot-rolled sheets are large. The cold-rolled strip market is weak, with some nonintegrated producers in the eastern area absorbing freight to compete in the Pittsburgh area.

There is no indication that the Supreme Court will soon rule on the steel seizure case. The Court met on Monday and adjourned without acting on the case. Meanwhile, it was learned that National Production Authority is pressing some steel producers to deliver as much semi-finished steel as possible to other producers that wouldn't be affected by another walkout.

The scrap market continues to ease with mills insisting on premium quality in steelmaking grades—and getting it, concludes "The Iron Age."

Automotive output in the United States last week was little changed from that of the preceding week.

Production for four out of the past five weeks has held fairly steady. "Ward's Automotive Reports" said the industry is well on its way to a second quarter output total of at least 1,225,000 cars, compared with 994,000 in the initial three months this year.

"Labor disputes, which snagged Mercury assemblies at St. Louis, and Ford truck output at Highland Park, Mich., the past week, caused only minor losses," said the agency.

"Ward's" also reported a sales survey covering 70% of the industry's April production disclosed that 275,000 cars (not excluding a 5% to 6% deduction for exports) were built and 254,000 were sold.

According to the United States Department of Commerce, the

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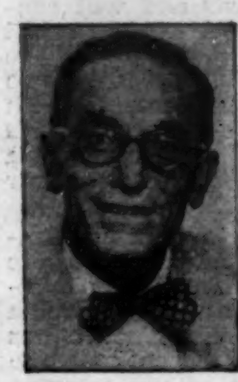
UN Re-Opening to Provide Another Sounding-Board for Moscow's Economic Propaganda

By A. WILFRED MAY

This is the sixth in a series on the implications of the International Economic Conference in Moscow, which Mr. May attended as a correspondent.

The re-convening of the UN's Economic and Social Council in New York this week, at its 14th session, is certain to elicit repetition of the strategic verbal outpourings voiced at the Moscow Conference last month. Hence, the United Nations will again provide the convenient mechanics for a major Soviet offensive—this one in the economic field.



A. Wilfred May

At the closing plenary session of the Moscow Conference a major resolution was passed formalizing an appeal to the General Assembly to convene, at the earliest possible date, a conference of representatives of government with the participation of business circles, trade unions and other social organizations of all countries, for the purpose of promoting an expansion of international trade, "on a basis of equality and with due regard to the needs of the industrialization of underdeveloped countries."

To further such UN tie-up, as well as to establish permanent mechanics for this new conference-technique's objectives, including the dissemination of information about it, a continuing committee of 30 members, with more to be added, was formed. This body is to be known as "the Committee for the Promotion of International Trade," and is to operate under "flexible procedure." Included are three "representatives of the trade unions": M. Henri Jourdain of the Iron and Steel Workers' International; Mr. Liu Ning-Yi from China; and Sir V. M. Gutierrez "representing the working people of Latin America." The economists on this continuing committee include Joan Robinson of England, Pierre Lebrun of France, and A. Pesenti of Italy, with a Soviet economist still to be designated "by the economic organizations of the Soviet Union."

Re-Publicising Moscow Conference

The third section on the Economic and Social Council's currently adopted agenda, comprising discussion of the reports of the Economic Commission for Europe, of the Economic Commission for Asia and the Far East, of the Economic Commission for Latin America, and of the International Monetary Fund, will give the Russians and their friends the early brilliant opportunity to continue their "Conference" propaganda offensive.

The Soviet delegation will no doubt find it appropriate to bring up the above-described suggestion for the General Assembly to call or convene a new Moscow-type Conference, at the early point in the agenda when the ECE (Economic Commission for Europe), which the Russians have persistently tried to sabotage, is to be discussed. The purpose of this resolution is two-fold, namely: (1) To get the "achievements" of the past Conference discussed and aired in the UN's world-wide open forum; and (2) Realizing that the UN does not have the machinery to stage such a parley, and really not even wanting it themselves because it would not be held under their Moscow-type of strategy, they are "going through the motions" to avoid public criticism on the ground of UN avoidance.

In any event, the Russians are sure to continue their steadfast insistence on the fiction of the Moscow Conference's complete independence from Soviet domination, despite the absence of adequate explanation of just who footed its enormous bill, and such significant happenings as the thanks extended to our Russian hosts at its close by the parley's spokesmen.

Teeing-Off on Point Four

Their "resourceful" Mr. Arkadiev will no doubt tee-off with another strong dose of agitation against the United States' Point Four and other aid to underdeveloped countries, when the agenda's Far East and Latin America reports, and the "measure required to mitigate the effect of fluctuations in international markets on the economies of underdeveloped countries" come up for early discussion.

No doubt the Russians will reiterate the proposal for creation of an *international* fund for the advancement of under-developed areas. This suggesion overlooks the fact that they and our fellow UN members have continually maintained that they have no funds available for this or similar purposes; and that in any event the machinery is already provided, but unavailed of by them in the International Bank and other affiliated organizations. Regional bodies will no doubt continue to be blasted by them as political.

"The Stalin Plan"

Here will come renewed blandishment of the so-called "*Stalin Plan for the Assistance of Underdeveloped countries,*" which was endorsed most volubly at Moscow last month by delegates from Pakistan, India, and Argentina, as well as from Canada who delegates counted themselves in as an underdeveloped area.

This plan, or promise, is premised on alleged shortcomings of our aid programs. Delegate after delegate rose to complain of the alleged niggardliness of the American "colonial imperialists" foreign aid (at no time was the U. S. Mutual Security allocation of $418

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Savings Banks' Concern With National Policies

By ROBERT M. CATHARINE*

President, National Association of Mutual Savings Banks
President, Dollar Savings Bank, New York City

Newly elected President of National Association of Mutual Savings Banks lists as matters of serious concern to savings banks: (1) fiscal and monetary policies; (2) government in the mortgage business; (3) Federal tax policy; (4) deposit insurance; and (5) competition of Federal Savings and Loan System with savings banks.

To me at this moment, the impressive thing about this organization (National Association of Mutual Savings Banks) is that it is a national organization. This is more important now than ever before. Without our realizing it to the full, our problems have become national in scope. They must be dealt with by nation-wide leadership and this leadership, if it is to be provided at all, must be provided by the National Association of Mutual Savings Banks.

Robert M. Catharine

There was a time when we had little interest in the national field beyond the market for bonds of the Federal government. Even in that field our interest was small. For better or for worse, all that is now changed. Let me review the situation briefly.

A few years ago the monetary policies of the Federal Reserve authorities and the fiscal policies of the United States Treasury did not often attract our attention. But in the Spring of 1951, these agencies reached the so-called "accord." The price of long-term government obligations was "unpegged" and many of us were caught with the market value of our bonds down—and our mortgage commitments up. I am not saying that this was anything but a wise anti-inflationary move. I am saying that it affected us deeply. Never again can the savings banks fail to take a strong interest in national fiscal and monetary policies.

Next, consider our primary area of investments — the mortgage field. Today we are heavily involved on a nation-wide basis in mortgages insured in whole or in part by agencies of the Federal government. No termination of this system of governmental mortgage insurance is foreseeable. Rates and other terms on which these insured mortgages are available are determined by the Federal government. Moreover, the government determines to what extent it will compete with us in supplying funds for housing. Here, then, is another national field in which we have a vital interest. Our voice on these problems must be heard through this Association. We must not — we cannot — let these essential matters be controlled by those whose objectives are alien to ours.

Take next the field of taxation. For over a century, Federal taxes were no direct problem to us as institutions. But, beginning this very year, many of us will feel their impact in no uncertain way. Were it not for the Tax Committee of this Association and the courageous leadership of Earl Schwulst, the effect of these taxes might have been tragic for us. I do not wish to comment at this time on the rightness or wrongness of the new tax legislation. I do want to emphasize that here again is an area of national affairs—the field of Federal tax policy—in which we must now take a keen interest at all times.

Next, I would like to mention the matter of deposit insurance. Not so long ago in my State this was a local matter. We had a mutual deposit insurance fund set up on a state-wide basis. Now this fund is almost liquidated and deposit insurance is a national matter, as far as all savings banks in my State are concerned. I do not say that this is a bad thing. Deposit insurance has for many of us become a national matter and we must be interested in its scope, its terms and its cost.

Along with deposit insurance on a Federal basis, we in New York State have accepted supervision on a Federal basis—by the Federal Deposit Insurance Corporation. The old system in which we dealt only with state supervisors is gone. Whether we like it or not, we now have, like our commercial banking friends, a dual banking system for savings banks. We must always be alert, so that this dual system does not become just a "duplicate" system and so that we are not burdened with any needless or wasteful duplication of supervisory functions.

Finally, I would like to bring one more matter to your attention. What is our most powerful competition in the savings field? It lies in the Federal savings and loan system—a system set up and encouraged by our national government under a national agency, the Federal Home Loan Bank Board. Whether we like it or not, this system exists and will continue to exist. We cannot reject it or abolish it or ignore it. One thing we can do. We can see to it that this system competes with us on fair and equal terms. This problem also is a national problem and must be dealt with by our National Association.

I would like to refer particularly in this connection to the branch problem for, in my opinion, it is primarily through branches that savings institutions must expand in the future. The present state of affairs wherein Federal savings and loan associations can obtain branches freely, without regard to state limitations, is unfair to us. It should be changed. Federal associations should be required by law to conform to state limitations. Legislation to this end is a must for us. Our Association must do everything in its power to promote such legislation.

There is a collateral problem here and it must be recognized. Our Federal friends can justly say that some state branch laws are too restrictive. Here again, our National Association can be effective. It can cooperate with state association to see that state laws are changed so as to give effect to our legitimate desire to give expanded service over a broader area.

I will close by restating the theme of my remarks—a theme which will be the keynote of my administration as your President. It is simply this: We must recognize to the full that the problems of savings banks have become national problems. Our National Association has become, more than ever before, the agency for dealing with these problems. We must all strain every nerve to make our Association a powerful and effective instrument for the realization of our legitimate aspirations. To this course, I dedicate myself. To this end, I ask your wholehearted support in the year to come.

*Remarks of Mr. Catharine upon his election as President of the National Association of Mutual Savings Banks at the Association's 32nd Annual Conference, Boston, Mass., May 17, 1952.

With Jackson-Anderson

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Mark W. Kosterman has become affiliated with Jackson-Anderson, Incorporated, 214 North Canon Drive. He was previously with Shearson, Hammill & Co.

Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Richard Wright has been added to the staff of Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Allison B. Hamilton has become connected with Francis I. du Pont & Co., 722 South Spring Street. He was formerly with Dean Witter & Co. and Searl-Merrick Co.

With J. Earle May

(Special to THE FINANCIAL CHRONICLE)

PALO ALTO, Calif.—Ed. S. Arnold, Jr. has become connected with J. Earle May & Co., 601 Bryant Street. He was previously with Brush, Slocumb & Co.

Ferdinands in the Bull Market

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Containing random selection and discussion of assorted equities whose forward motion, since Korea, has stopped at virtually the line of scrimmage.

Everybody remembers Ferdinand, the bull that would never get up and fight, but preferred to lie down under the trees and smell the flowers. Much, indeed, like Ferdinand are the stocks we're going to talk about today—the ones, which in the obviously taurine stock market since August, 1949, have done nothing; and are selling today just about where they were 2¾ years ago. The advantage of reflecting upon these static shares is twofold. First, nearly all of us manage to acquire one or two of these market "no budges" that don't go up so we can take a little profit, over commissions, and yet don't dip enough for us to get mad at them, or kick 'em out for a tax loss. Secondly, this brisk scanning of the sluggards emphasized, once again, that mere diversification is not enough to assure market gains, and that selectivity is still perhaps the most important word in the stock analyst's vocabulary.

Ira U. Cobleigh

To develop our presentation today, we suggest that, as a background, you recall that, in the time interval selected, namely, Aug. 9, 1949, to May 15, 1952, the Dow Jones Industrial Average advanced from 180.5 to 260.1. Thus, par for the course, in your stock list or mine, should have been a gain in market value of roughly 44%. Well, how did you make out? Which list below, I or II, comes closer to your performance?

LIST I
Ferdinands

Stock—	8/9/49 Price	5/16/52 Price
Pepsi Cola	9⅞	9¾
Coca Cola	142	108½
International Rys. of Central Amer.	6½	6¼
R. H. Macy	30⅛	27
Penn RR.	15¼	18¼
Elgin Nat. Watch	12	12
Jacob Ruppert	10⅜	11
Lambert Co.	22¼	21¾
Loew's	18⅛	16⅛
Servel	8⅜	8
North'n States Pwr.	10½	11

LIST II
Contrasting Performers

Stock—	8/9/49 Price	5/16/52 Price
Central of Ga. Ry.	3⅝	20
Tex. Pac. Land Tr.	40¾	175
Socony Vacuum	15¾	38
Seaboard Airline	16	87
Northern Pacific	14⅝	77
Canadian Pacific	12⅞	36
Woodley Petrol.	10½	67½
Calgary & Edmonton	4¼	14¾

List I contains leading performers in the "Ferdinand" department while List II offers, by contrast, some of the splashier stars on the market hit parade. There are reasons, deeply grounded in logic, for both sets of results; but our principal query today is twofold. In List I, why did the stocks act the way they did, and, more importantly, what prospects do they have right now for breaking out of their doldrums?

The soft drink entries, Pepsi Cola and Coca Cola, suffered right after the war from an economic squeeze. For years, their product sold at a nickel, a currency unit virtually buried by inflation. The five-cent phone call, bus ride, subway fare, and periodical all finally joined the dodo and the moustache cup in the attic of history. Rising costs hit the soft drinks hard in 1949/50, and taxes ditto, but toward the end of 1951 the industry trend seemed to change for the better.

In a popular market price range, Pepsi Cola common at 9⅞, with no dividend since Dec. 15, 1949, might be regarded as thoroughly deflated. 1951 sales were up 22% over 1950, and per share net from 22 cents up to 46 cents. Sales for the January and February of this year are also above the corresponding months a year ago. Promotion and advertising budgets are larger this year; and increased sales of smaller bottles at sporting events, park and fair concessions, plus larger volume from a myriad of vending machines should tend to move PEP out of its lethargy. Pepsi Cola hits the spot—whether or not it hits the ticker tape—with its fabled bounce remains to be seen!

International Railways of Central America can offer pretty good reasons for not being a recent speculative favorite. A tropical storm in Guatemala destroyed several million dollars in banana plantations, feeding traffic to the road. A Communist-tinged Guatemalan Government bedevilled United Fruit (owner of most of the storm-hit acreage), and finally a group of stockholders brought suit against United Fruit Co. (which owns 42% of the 500,000 common shares), claiming that rate schedules tended to provide low-cost banana transport for United Fruit, rather than full-bodied earning power to International Railway share holders. How this all will come out is anybody's guess; but the road is a strategic, and rather well-maintained property, and there's lots of leverage in this common. Dividends, however, seem quite a ways off, due to dividend accruals of $37.25 on each of the 100,000 shares of 5% preferred, now selling at 44¼ on the Stock Exchange.

Macy did not exactly keep pace with some of its competitors, and its store on 34th Street, which provided 57% of 1949/50 sales, has flagged in profitability in 1950 and 1951. Some have suggested that the New York store is too large to attain maximum efficiency in this era of branch and suburban merchandising. Others hold that a management change in recent months, with Mr. Jack Strauss back at the helm topside, will bring back Macy's toward 1946 profit ratios, when common earned $5.01 and sold as high as 65. Get the current information about MZ and you may find reasons for more positive market response in the future. Bambergers in Newark, stores in Toledo, Atlanta, San Francisco and Kansas City, plus 11 suburban branches, give a broad geographical spread of retail outlets. There are 1,719,354 common shares of MZ.

Pennsylvania RR. with 13,168,000 shares of common has seemed to have had a hard time keeping ahead of rising costs; and although it has a distinguished and unbroken dividend record, going back to 1848, it appears to lack the market glamor it had a generation ago. Best recent per share earnings were $2.82 in 1950 and

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Something Can and Must Be Done About the Federal Budget!

By HON. HARRY F. BYRD*
U. S. Senator from Virginia

Commenting on tremendous rise in government spending, taxes and debt, Senator Byrd says situation is due not alone to wars, but to moral and fiscal deterioration as well. Urges revision of tax structure and restoration of control of Federal expenditures by Congress. Submits "Byrd's eye view" of Federal "spendorama" for next six years, when national debt may exceed $300 billion. Advocates immediate exhaustive review of military and domestic spending programs.

This is bound to have been the greatest nation on earth. The systems and institutions of lesser nations could not have survived the abuses which ours has undergone over the past 20 years of fiscal irresponsibility. The question is: How much longer can ours endure?

Harry F. Byrd

In 20 years a total of 25% of our national income has gone into Federal taxes collected from us (the current ratio is 28%); Federal expenditures have been equal to 30% of our national income; and in 20 years we have piled up Federal debt which is twice as much as the assessed value of all real and personal property in America.

Peace and War

It does not suffice to blame this entirely on war or depression. Taxes have been collected, the money has been spent, and the debt must be paid—whatever the purpose.

Actually, about half of these expenditures are charged directly to war, and the depression costs are small in latter-day comparisons. The remainder has gone in the main for 100 new Federal domestic spending programs and subsidies; for foreign assistance; interest on the public debt (the cost of which alone is now twice the total cost of all government in 1932); civilian payrolls; Federal grants to States and localities; loans to business; direct Federal payments to individuals and others too numerous to mention.

A startling increase has been made in Federal grants to States. In 1932 there were 19 Federal programs of aid to States costing $250 million. In 1952 there are 48 programs of aid to the States with Federal payments of $3 billion—12 times as much in dollars and more than twice as many programs. These programs and figures do not include direct payments to individuals within the States.

Through these programs the Administration creates the illusion that we are getting something for nothing. Actually, it takes money from us, gives back less than it took, and, in the process, exercises control of the States, localities, institutions and the lives of the individuals.

It is my contention that there is no such thing as a Federal grant. The Federal Government has nothing of its own to give away. The Federal Government has no money except what it collects from the citizens of the States. When it passes these funds back, they are reduced 15 to 20% for the cost to finance the overhead of the Federal bureacracy. The balance is sent back to the States and localities which must submit to controls from Washington as to how the money must be spent.

Moral and Fiscal Deterioration

In this period there has been a moral and fiscal deterioration represented by the value of our money and the epidemic of corruption which inevitably follows centralization of power and purse.

When the President submitted his budget in January he contemplated the 18th Federal deficit in 21 years. In the 20 years to date there have been 14 peacetime years, and in these 14 peace years we have had 12 deficits. The fighting in Korea is included in the war years. Incidentally, this so-called police action is costing about $8 billion to $10 billion a year, and the end is not in sight.

Our present Federal taxation is crushing down upon individuals and industry. As a member of the Senate Finance Committe for nearly 20 years, I am convinced that further tax increases, if imposed, will not only reach the confiscatory stage, but will actually result in diminishing returns. This opinion is shared by such Congressional tax experts as my colleagues, Senator Walter George, the Chairman of the Senate Finance Committee, and Congressman Robert Doughton, the Chairman of the Ways and Means Committee of the House.

Tax Revision and Expenditure Control

A constructive revision of our entire Federal tax system would be an incentive to our progress if it were designed to safeguard the solvency of individuals and corporations upon which the government must rely for the high tax receipts essential to meet our future obligations.

By the same token, control of Federal expenditures must be recaptured by Congress if the government's solvency and integrity are to be preserved.

The situation today was recently summed up by the Hon. Roswell P. Magill, President of the Tax Foundation and former Undersecretary of the Treasury, who testified to the fact that: "Expenditures have gotten out of control of Congress, so that the volume of expenditures which are really subject to annual review by the Appropriations Committee is, and annual reductions are, relatively small."

Testifying before the Joint Committee on Reduction of Nonessential Federal Expenditures, Dr. Magill went on to assert that: "Our government's primary task in these uneasy years is to prevent extension of war and inflation."

"Either or both can ruin us," he said. "The strongest bulwark against both is a sound economy (and this applies also to recessions and depressions). And a healthy economy in turn depends largely on how government handles its paramount problem: to control fabulous expenditures so that they do not exceed not quite so fabulous revenues."

And then Dr. Magill concluded: "Congress does not have that kind of control today."

My own analysis of Federal fiscal practices and policies leads me to the conclusions that Congress has lost effective control over annual Federal expenditures, and that it will be extremely difficult ever again to balance the Federal budget.

It is with some misgiving that I submit these conclusions to this great organization, which has provided itself with one of the finest research and analytical staffs in the world.

I sincerely hope you can prove my conclusions to be wrong, but they are submitted for your consideration both as an organization and as individuals representing our great free enterprise system.

In support of these conclusions I submit two samples of the evidence confronting us:

First, of the $85.4 billion which the President estimated would be expended in fiscal year 1953, beginning July 1, $42 billion would be from appropriations and authorizations enacted in prior years which is not subject to action by Congress in the appropriation bills currently before it. This means that, theoretically, Congress could cut the appropriations before it this year virtually in half without affecting expenditures in the coming year.

And **second**, major long-term commitments — military, foreign, atomic energy, and domestic—indicate clearly that we have embarked upon another indefinite era of deficit spending. A searching examination into plans for military and foreign spending just completed this week by the Senate Armed Services Committee developed conclusively that deficit financing will be required for a minimum of five years with no greater war than we have now.

Spendorama

On the basis of the latest official estimates available, I submit the following "Byrd's eye view" of the Federal spendorama for the foreseeable future:

(In Billions)

Year—	Expenditures	Revenue	Deficit
1952	$67.0	$61.5	$5.5
1953	80.0	68.5	11.5
1954	78.0	69.0	9.0
1955	76.0	68.5	7.5
1956	75.0	68.0	7.0
1957	75.0	68.0	7.0
6-Year Total	$451.0	$403.5	$47.5

On the basis of this projection, it is indicated that with no more war than we have at present the Federal debt by June 30, 1957, will exceed $300 billion.

Something Can and Must Be Done

Something can and should be done about these awesome fiscal prospects and the practices and policies which make them a virtual certainty.

There must be a complete and exhaustive review of the military program particularly to eliminate the wastefulness for which it is notorious.

There must be a complete and exhaustive review of the foreign program which has been changing every year to meet the requirements of feasibility. First there were programs for the relief of individuals abroad. Next there was the program to bolster foreign national economies. Then it became a combination of economic and military aid. Now it is all justified in terms of military security, not only in Europe, but in the Far East, in the Near East, in South America, and in all of the sinkholes of the South Pacific.

There must be a complete and exhaustive review of the domestic payment programs through which the Federal Government subsidizes business, agriculture, and special categories of individuals.

These programs are now deeply woven into foreign economies, state and local budgets, and individual incomes, and while reducing Federal expenditures is an absolute essential to preserve the financial integrity of the government, changing these policies will be extremely difficult. The changes will not be accomplished until there is an undeniable demand for them made upon both the executive and legislative branches of the government.

In the present situation our control over Federal spending is limited by international agreements, statutory commitments, availability of prior year appropriations and authorizations, availability of Federal corporate funds, requirements to meet contract authorizations and requirements for settling claims.

These fiscal control limitations are complicated by archaic methods, procedures and techniques which characterize enactment of fiscal legislation. For instance, there are fourteen different kinds of appropriations and other authorizations to obligate Federal funds.

The manner in which Congressional control over annual expenditures breaks down under the pressure of these long-term

Continued on page 38

*An address by Senator Byrd before the 35th Annual Meeting of the National Industrial Conference Board, New York City, May 15, 1952.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Chemical Stocks—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is an analysis of **Title Guarantee and Trust Company.**

Helicopter Industry—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Investment Grade Stocks—Ten issues which appear attractive—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Modern Security Sales—Monthly portfolio of sales suggestions for sale of Mutual Fund shares—$12.50 per month—Fund Services of Washington, Inc., 1015 A Woodward Bldg., Washington 5, D. C.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Railroad Equities—Brief reviews of **Chesapeake & Ohio, Gulf, Mobile & Ohio, Great Northern Railway, Baltimore & Ohio, Erie Railroad, Lehigh Valley, New York Central,** and **St. Louis-San Francisco**—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Securities of the United States Government, including its agencies and the International Bank for Reconstruction and Development — Brochure — The First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is an analysis of the **New York Manufacturers Trust Company.**

Sugar Companies—Manual for 1951/1952 (29th edition)—Farr & Co., 120 Wall Street, New York 5, N. Y.—$2.00 per copy.

Tokyo Market—Quotations of major stocks—Nomura Securities Co., Ltd., 1-1 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

United States Hoffman Machinery Corp.—Discussion in current issue of "Gleaning"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue are three diversified sample **Portfolios** and data on **Minneapolis-Moline.** Also available is a list of 30 selected issues selling at discounts of at least 20% from their 1952 highs.

* * *

Associated Development & Research—Resume of stockholders' meeting—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available is a resume of the stockholders' meeting of **Empire State Oil.**

British American Oil Co., Ltd.—Bulletin—Charles King & Co., 61 Broadway, New York 6, N. Y.

Butler Brothers—Circular—Newburger & Co., 1342 Walnut Street, Philadelphia 7, Pa.

California Eastern Airways, Inc.—Analysis—Butler, Candee & Moser, 44 Wall Street, New York 5, N. Y.

Chicago, Rock Island & Pacific vs. Gulf, Mobile & Ohio—Railroad Bulletin No. 93—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is Bulletin No. 94 on **Railroad Preferred Stocks.**

Christiana Securities Co. — New bulletin — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Churchill Downs, Inc.—Analysis—Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

Connecticut Light & Power—Descriptive memorandum—Chas. W. Scranton & Co., 209 Church Street, New Haven 7, Conn. Also available are data on **United Illuminating, Connecticut Power, New Haven Gas Light, Hartford Electric Light,** and **Hartford Gas.**

Consolidated Paper Corporation Limited—Review—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Man., Canada, and Royal Bank Building, Toronto, Ont., Canada.

Continental Aviation and Engineering Corp. — Bulletin — De Pasquale Co., 25 Broad Street, New York 4, N. Y.

First National Bank of Chicago—Memorandum—F. S. Moseley & Co., 135 South La Salle Street, Chicago 3, Ill.

General American Transportation Corp.—Data—Paul H. Davis & Co., 10 South La Salle Street, Chicago 4, Ill. Also available are data on **National Tank Company** and **Warner-Hudnut, Inc.**

Great Basin Oil & Leasing Co.—bulletin—W. C. Doehler Company, 15 Exchange Place, Jersey City 2, N. J. Also available is a report on **Mohawk Business Machines Corp.**

Grumman Aircraft Engineering Corporation—analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

McDonnell Aircraft Corporation—new report—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y. and Newhard, Cook & Co., Fourth and Olive Streets, St. Louis 2, Mo.

New England Lime Company — Analysis—Dayton Haigney & Co., Inc., 75 Federal Street, Boston 10, Mass.

Puget Sound Power & Light Co.—analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Pure Oil—analysis—Walston, Hoffman & Goodwin, 35 Wall Street, New York 5, N. Y.

Riverside Cement Co.—Analysis and review of the Cement Industry—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Telecomputing Corporation—analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is a bulletin on the **Haloid Company** and on **Food Machinery & Chemical.**

Tri-Continental Corporation—analysis—Sincere and Company, 231 South La Salle Street, Chicago 4, Ill.

Union Twist Drill—Data—Raymond & Co., 148 State Street, Boston 9, Mass.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of May 15, 1952 are as follows:

TEAM	Points
Kumm (Capt.), Ghegan, R. Montanye, Krassowich, Manson	100
Goodman (Capt.), Weissman, Farrell, Valentine, Smith	92½
Bean (Capt.), Seijas, H. Frankel, Werkmeister, Reid	90
Serlen (Capt.), Gold, Krumholz, Rogers, Gerstein	87
Mewing (Capt.), G, Montanye, M. Meyer, Lapato, Klein	87
Leone (Capt.), Tisch, O'Marra, Nieman, Bradley	82
Donadio (Capt.), Rappa, O'Connor, Whiting, Demaye	81
Hunter (Capt.), Craig, Fredericks, Weseman, Lytle	80
Krisam (Capt.), Gavin, Gannon, Jacobs, Murphy	76
Burian (Capt.), Seipser, Hunt, Growney, Kaiser	75½
H. Meyer (Capt.), Swenson, A. Frankel, Wechsler, Murphy	69
Greenberg (Capt.), Siegel, Cohen, Strauss, Voccoli	69

200 Club

A. Burian	217
H. Seijas	210
R. Goodman	208-204
Manson	208
A. Krisam	214
V. Lytle	224
J. Farrell	205

10 Point Club

A. Burian

May 22, 1952 is the last night for the League to meet this spring.

BOND CLUB OF DENVER

The Bond Club of Denver and the Rocky Mountain Group of the Investment Bankers Association will hold their annual summer frolic at the Park Hill Country Club on Friday, Aug. 22.

COMING EVENTS

In Investment Field

May 22-23, 1952 (Cincinnati, O.)
Municipal Bond Dealers Group annual party at Sheraton-Sinton Hotel and Kenwood Country Club.

June 6, 1952 (Chicago, Ill.)
Bond Club of Chicago field day at the Knollwood Country Club in Lake Forest.

June 6, 1952 (Los Angeles, Calif.)
Bond Club of Los Angeles Field Day at the Riviera Club.

June 6, 1952 (New York City)
Bond Club of New York outing at Sleepy Hollow Country Club Scarborough, N. Y.

June 10-13, 1952 (Canada)
Investment Dealers' Association of Canada annual convention at the Algonquin Hotel, St. Andrews-by-the-Sea, New Brunswick.

June 11-13, 1952 (Boston, Mass.)
Boston Security Analysts Society Regional meeting and field trips.

June 13, 1952 (New York City)
Municipal Bond Club of New York annual outing at the Westchester Country Club and Beach Club, Rye, N. Y.

June 13, 1952 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at the Whitemarsh Country Club.

June 16-17, 1952 (Detroit, Mich.)
Bond Club of Detroit-Security Traders Association of Detroit & Michigan joint summer outing—June 16 at the Detroit Boat Club; June 17 at the Lochmoor Country Club.

June 18, 1952 (Minneapolis, Minn.)
Twin City Bond Club annual picnic at the White Bear Yacht Club.

June 20-22, 1952 (Minneapolis, Minn.)
Twin City Security Traders Association annual summer outing "Operation Fishbite" at Grandview Lodge on Gull Lake.

June 27-29, 1952 (Coronado, Cal.)
Security Traders Association of Los Angeles annual spring outing at the Hotel del Coronado.

June 28, 1952 (Chicago, Ill.)
Bond Traders Club of Chicago summer party at the Langford Links.

Aug. 22, 1952 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group of IBA Summer Frolic at the Park Hill Country Club.

Sept. 28-Oct. 1, 1952 (Atlantic City, N. J.)
American Bankers Association Annual Convention.

Oct. 6, 1952 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting in Los Angeles and San Francisco.

Oct. 19, 1952 (Miami, Fla.)
National Security Traders Association Convention at the Roney Plaza Hotel.

Nov. 30-Dec. 5, 1952 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Becker Group Offers Hammermill Paper Stk.

Offering is being made today (May 22) of 200,000 shares of Hammermill Paper Co. common stock at $18.25 per share. Proceeds will be used by the company for plant improvements and to increase working capital. The offering is being made by a group of 39 underwriters headed by A. G. Becker & Co. Incorporated.

Hammermill Paper Co. was a pioneer in this country in the manufacture of fine papers solely from wood cellulose. It has recently developed a process for utilizing domestic hardwoods on a large scale in the production of such papers. The process is described as "an important advance in the science of pulp and paper making," and is designed to lessen substantially the company's dependence on Canadian and European sources of supply since abundant hardwood stands are available near the plant in Erie, Pennsylvania. Conversion of a portion of the pulp mill to the new process is now in progress.

The company last year reported sales in excess of $29 million and net income of $1,810,000 equivalent to $2.91 per share on the presently outstanding common stock. Dividends are currently at a 30 cent quarterly rate. The outstanding common is listed on the New York Curb Exchange, and the additional stock will be so listed.

How Borrowing Saves Taxes

By F. E. SEIDMAN, C.P.A.

Certified public accountant explains how it is actually possible for a corporation to reduce taxes by borrowing, because excess profits tax law permits a possible exemption of 9% on amount of borrowed money, which is generally much higher than cost of borrowing. Cites examples.

Because of the interesting way in which the tax laws work, it is actually possible for a company to come out dollars ahead by borrowing money. The explanation is that more can be saved in taxes than the borrowing costs. This in turn comes from the fact that when it comes to figuring excess profits tax, an exemption of 9% on the amount of borrowed money is possible, whereas interest rates are generally much lower than that.

F. E. Seidman

A word of background on the tax picture may be helpful. A corporation's 1952 income tax bill, in the top brackets, is made up of two parts: a 52% income tax and a 30% excess profits tax. It is the excess profits tax where the borrowing feature counts most.

To determine profits that are "excess," it is first necessary to get at the amount of "normal" profits. There are two ways of doing this. One is the "earnings experience" method, and the other is the "capital investment" method. Under both, the more the amount of the borrowings, the more tax is saved.

The exemption by reference to earnings experience is based on the earnings during the test period 1946 to 1949. In addition, changes in the size of the capital since the end of 1949 affect the amount of the exemption. The part that is significant is that capital embraces not only the equity capital but also 75% of the borrowed capital. An increase in capital adds to the exemption to the extent of 12% of the increase, and a decrease reduces the exemption by 12%. Since 75% of borrowings are figured, this means that as borrowings go up the exemption goes up 9% (that is 75% of 12%), and as borrowings go down the exemption goes down 9%.

So much for the exemption measured by earnings experience. If the exemption is measured by capital investment, the exemption is figured on a sliding scale according to the size of the capital in the business. The scale is:

12% on the first $5,000,000

10% on the next $5,000,000

8% on the remainder

Since borrowings are figured in capital at 75%, the exemption as applied to borrowings is three-quarters of the foregoing rates. That means:

Total capital	Rate of exemption applicable to borrowings
First $5,000,000	9%
Next $5,000,000	7½%
Excess over $10,000,000	6%

The 9%, 7½%, 6% scale really applies to the size of the borrowings at the end of 1949. Under the law additional borrowings after that get the 9% exemption in most cases, no matter what the amount of the total capital is.

At all events, it is clear that whether the excess profits exemption is figured by reference to the earnings experience or the capital investment, the more the borrowings the more exemption, with the minimum increase in exemption because of borrowings at 6% and the maximum at 9%.

With these principles determined, the arithmetic of the tax savings becomes simple. For each $1,000 of borrowing, an excess profits tax exemption of $90 (at the 9% exemption) is obtained. The excess profits tax rate for 1952 is 30%. The corporation will therefore save $27 in excess profits tax on the $90 exemption. Similarly, if the exemption rate on borrowings is 7½%, the excess profits tax savings will be $22.50 (30% of $75). At the 6% exemption rate for borrowings, the corporation will save $18 (30% of $60).

However, this is not the entire story. There are additional savings. The effect of the interest paid on the borrowings must be considered. Here the saving applies to both the income tax and the excess profits tax. All of the interest paid is deductible for income tax purposes, and one-quarter of the interest is deductible for excess profits tax purposes. With a 52% income tax rate and a 30% excess profits tax rate, 59½% of the interest paid is borne by Uncle Sam. (The 59½% is the 52%, plus 25% of 30% or 7½%).

Going back now to the $1,000 borrowing, a tax saving of $27 was shown by reason of the increased exemption for excess profits tax purposes. If the borrowing bears interest at 4% or $40 for the year, there is a further tax reduction of 59½% of the $40 or $23.80. That makes a total tax reduction of $50.80 compared with an interest cost of $40. In other words, the company is actually dollars ahead in its bank account by $10.80 because it borrowed $1,000 at 4% interest. To put it still another way, the company enriched itself by 1.08% of the amount it borrowed.

An Example

The following table shows how this works out not only for the 4% interest rate, but for various rates ranging from 1% to 7%. It also shows the figures that apply where the increased exemption by reason of the borrowing is 7½% or 6%, as well as the 9% previously used. The figures marked (*) show the percentage of the borrowing by which the corporation is ahead of the game, net after taxes, because of the borrowing. The other figures show how little the actual interest cost of the borrowing is when the tax savings resulting from the borrowing are taken into consideration.

Examples of extent to which tax savings make borrowings profitable (marked *) or reduce the actual cost of borrowing

If the rate of interest paid on the borrowing is	And the excess profits tax exemption for the borrowing is 9%	7½%	6%
	The effective interest rate is		
%	%	%	%
1	2.295 *	1.845 *	1.395 *
1½	2.0925*	1.6425*	1.1925*
2	1.89 *	1.44 *	.99 *
2½	1.6875*	1.2375*	.7875*
3	1.485 *	1.035 *	.585 *
3½	1.2825*	.8325*	.3825*
4	1.08 *	.63 *	.18 *
4½	.8775*	.4275*	.0225
5	.675 *	.225 *	.225
5½	.4725*	.0225*	.4275
6	.27 *	.18	.63
6½	.0675*	.3825	.8325
7	.135	.585	1.035

In other words, a corporation with a 9% exemption for borrowed capital can pay interest up to better than 6½% and have its bank account come out ahead of the game, because the tax savings are greater than the interest cost. Even with as high an interest rate as 7%, the net cost, after tax savings, is only a little more than 1/10% of 1%.

The table also shows that corporations with the lowest exemption for borrowings (generally corporations with over $10,000,000 of "old" capital that figure their exemption by reference to capital investment) can still pay up to almost 4½% interest and make money by borrowing.

"Break Even" Points

A table of "break-even" points may be useful. What is meant by break-even for this purpose is the rate at which the interest cost is exactly balanced by the tax saving. A higher interest rate than the break-even point means that the borrowing costs the company something. A lower than the break-even rate means that a company comes out richer by the borrowing. The figures are as follows:

Break-even points at which interest cost is balanced by tax saving

Excess profits tax exemption for borrowing	Break-even interest rate
9%	6.67%
7½%	5.55%
6%	4.44%

In all of the tabulations thus far, it has been assumed that the money borrowed is stagnant and yields no income. If income is earned on the money borrowed, the borrowing is even more advantageous than the figures show.

On the other hand, there are several situations where the figures don't apply at all, or overstate the case. For example, if a company doesn't have to pay an excess profits tax, the figures obviously lose their foundation. Companies making less than $25,000 are automatically exempt from excess profits tax. Furthermore, companies making more than $25,000 may not have to pay the tax, depending on the size of their exemption.

Also, all the figures are based on the assumption that the company has to pay a 30% rate of excess profits tax. New companies, in the first five years of their existence, pay lower rates on a sliding scale starting with 5%.

Then again, no company, new or old, is called upon to part with more than 70% of its income to Uncle Sam. Since the regular income tax rate is 52%, the 70% ceiling means that the excess profits tax rate in some cases becomes 18%.

The reference to "borrowing" in this article does not apply to all borrowing. The only thing that qualifies is the type of borrowing that is represented by a note, bond, or similar written instrument. Liabilities on open account are not "borrowed capital," for excess profits tax purposes. As a result, it will often be an advantage to convert open accounts into notes, or to borrow on notes to pay off open accounts.

Finally, in order to get the tax benefits, the borrowing must have a good business purpose behind it. Increasing debt merely to save taxes, when there is no other reason to borrow, won't work.

With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Wesley T. Hardy has become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges.

With McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—Howard W. Brezger is with McDaniel Lewis & Co., Jefferson Building.

Joins McAlister, Smith

(Special to THE FINANCIAL CHRONICLE)

GREENVILLE, S. C.—John V. Clarke has become connected with McAlister, Smith & Pate, Inc., S. C. National Bank Building.

Jos. Valentine With Foster & Marshall

SEATTLE, Wash. — Albert O. Foster, senior partner of the New York Stock Exchange firm of Foster & Marshall, 820 Second Avenue, has announced that Joseph L. Valentine, widely known investment securities man, has become associated with the firm.

Mr. Valentine, or "Dode," as he is best known to his friends and associates in the financial district, came to Seattle in 1928. He took time out of the investment business purposely, to do something in the war effort and became assistant to the manager of the Boeing Renton plant, in charge of public relations. Upon cessation of World War II, he immediately returned to the investment business.

Gardner Chiles on Visit to East Coast

SAN FRANCISCO, Cal.—Gardner Chiles of Denault & Co., Russ Building, is making an extended business trip to Chicago, Boston, New York and other points east. He will call on investment bankers and brokers in these centers and will also visit some industrial plants along the route.

The firm acts as dealers in industrial and public utility stocks and bonds.

Two With Smith, Hague

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Harry C. Gruehl and Edward J. Myron have become affiliated with Smith, Hague & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges.

Kalman Co. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Duane F. Jahnke has been added to the staff of Kalman & Company, Inc., Endicott Building.

Joins Irving J. Rice

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Paul M. Streif has become affiliated with Irving J. Rice & Co., Inc., First National Bank Building.

From Washington Ahead of the News

By CARLISLE BARGERON

Among the many uncertainties in Washington these days, there is none greater than who will be the respective Presidential nominees of the Republican and Democratic parties. That we are headed for some sort of a political melee is the general expectation. It could be that that general realignment of parties of which many have dreamed for years is in the making. The failure of the recent meeting of the Americans for Democratic Action, a crowd usually quite cocky and sure of themselves, to endorse anybody, reflects the rather general attitude among the politicoes to move cautiously. The feeling is that anything can happen and probably will.

Carlisle Bargeron

Adlai Stevenson can undoubtedly have the Democratic nomination if he wants it, and he wants it if somebody other than Eisenhower is to be the Republican nominee. He is afraid to run against the General. This attitude is annoying some Democratic leaders, including the President, and there has been considerable pressure from these leaders on the President to get Stevenson to make up his mind. His conditional willingness, in the meantime, is detracting from his support, not enough, however, in my opinion, to keep him from getting the nomination regardless of how long it takes him to say yes.

Notwithstanding the earlier tendency to write off W. Averell Harriman's candidacy, he is making himself felt. George M. Harrison, $75,000-a-year President of the Railway Clerks, recently gave a dinner in order that the other railroad brotherhood chieftains could look him over and the not unlikely result is that they are going to fall in behind Harriman's candidacy. The railroad brotherhoods used to be the most formidable and active of the labor organizations in the political field. They are still potent influences but a lot of their thunder has been stolen by the CIO.

Behind the progress of the television idol, Estes Kefauver, are some cool, calculating and capable promoters. This campaign is also well heeled in spite of the pretensions of these gentlemen. Indeed, the only simplicity or naivette in the campaign is that affected by the candidate. But his handlers are quite aware of the facts of political life and some light on them would make the leftist Americans for Democratic Action seem to be but harmless parlor pinks.

There is confidence among the Democratic leaders, however, that the convention will have little trouble in disposing of him. As a matter of cold logic they see the campaign of this Southerner whose appeal is in the heterogeneous East and who would undoubtedly lose some Southern States, if not all of them, as the height of ridiculousness. In fact it is that, and the progress he has made is more of an argument for the throttling of television than for his nomination.

Dick Russell, as able if not abler, than any of them, is in the hands of the future. He has a tremendous opportunity if the Democrats should nominate a candidate offensive to the South and adopt a platform similarly offensive. I doubt that Stevenson, personally, would be unacceptable to this section. Harriman seems to have gone whole hog for a compulsory FEPC and although it would be difficult for the Southern leaders to transfer to him the hate which the South feels towards Truman, an accompanying offensive platform might do the trick.

On the Republican side, the Taft forces have fully regained their confidence against the tremendous propaganda barrage in the East that he had been stopped. Their campaign has unmistakably made progress in recent weeks and on the surface seems to have surmounted all the roadblocks.

One argument of the Eisenhower supporters, in particular, was discouraging to the Taft supporters and this was that if he didn't win on the first ballot his delegates wouldn't hold. Recent events have pretty well dissipated this argument. It is quite apparent that there is as much intensity of feeling on the Taft side as there is on Eisenhower's. It is an ideological difference between the two forces, a difference on foreign policy. It cuts deep and may even carry on into the post-convention campaign.

If the Taft forces needed one thing to bolster them up and solidify their ranks, the noncommittal attitude of the Americans for Democratic Action should have provided it. There is no secret hereabouts that they withheld endorsing any candidate because they want to get behind Stevenson if he will run. It so happens they have been the most vociferous supporters of Eisenhower. Tipping of their hand that in the final analysis they would support Stevenson is not being lost upon the Republicans. If they do not constitute the greater substance of the General's pre-convention support for the Republican nomination they have certainly been the most articulate.

Business Man's Bookshelf

British Planning and Nationalization—Ben W. Lewis—The 20th Century Fund, 30 West 42nd Street, New York 18, N. Y.—Cloth—$3.

Business Fluctuations — Robert A. Gordon—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y.—cloth—$5.00.

Economy in the National Government—Senator Paul H. Douglas—University of Chicago Press, 5750 Ellis Avenue, Chicago 17, Illinois—$3.75.

Essays On Liberty—37 selections from the many articles on liberty published by the Foundation in the past six years—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.—paper—$1.50; cloth, $2.50 (quantity prices on request).

The Exchange—Monthly Magazine published by the New York Stock Exchange—$1.00 per year—The Exchange Magazine, Dept. C, 20 Broad Street, New York 5, New York.

Federal Taxes—Edited by Clifton H. Kreps, Jr.—The H. W. Wilson Company, 950-972 University Avenue, New York 52, N. Y.—Fabrikoid—$1.75.

Federal Taxing Process, The—Roy Blough—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y.—cloth—$5.65.

Formula Timing Plans—Booklet plus next five issues of Investors Research Weekly Report on the stock market—$1.00—Investment Division, Investors Research Company, Santa Barbara, Calif.

Manual of Sugar Companies 1951/1952—29th edition—Farr & Co., 120 Wall Street, New York 5, N. Y.—Cloth—$2.

Men, Meat and Miracles—Bertram B. Fowler—Julian Messner, Inc., 8 West 40th Street, New York 18, N. Y.—Cloth—$3.

Monetary Policy and the Management of the Public Debt—Hearings before the Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report, 82nd Congress of the United States—U. S. Government Printing Office, Washington, D. C.—paper.

Multiple Exchange Rates and Economic Development — Eugene Richard Schlesinger — International Finance Section, Princeton University Press, Princeton, N. J.—paper—$1.00.

New York Laws Affecting Business Corporations—33rd Edition—Annotated and revised to April 20, 1952 — United States Corporation Company, 160 Broadway, New York 38, N. Y., and 240 State St., Albany 6, N. Y.—paper—$2.50.

Organizing International Businesses — Franz Martin Joseph — Joseph & Rodman, 150 Broadway, New York 7, N. Y.—paper.

Principles of Economic Development—Paul R. Fossum—Paul R. Fossum, 4119 North 37th Street, Tacoma 7, Wash.—Paper.

Procedure & Practice Before Tax Court of the United States—12th Edition—Commerce Clearing House, Inc., 214 North Michigan Avenue, Chicago 1, Ill.—Paper—$3.00.

Review of Railway Operations in 1951 — Julius H. Parmelee — Association of American Railroads, Bureau of Railway Economics, Washington 6, D. C.—Paper.

Some Conceptual Aspects of International Economic Development of Underdeveloped Territories — S. Herbert Frankel — International Finance Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper—available without charge.

Technical Cooperation With Underdeveloped Countries—Philip C. Newman, John E. Ullmann, and Robert S. Aries—Chemonomics, Inc., 400 Madison Avenue, New York 17, N. Y.—Paper—$5.

Wesley Clair Mitchell — The Economic Scientist — Edited by Arthur F. Burns — National Bureau of Economic Research, 1819 Broadway, New York 23, N. Y.—Cloth—$4.

Curb Exchange Extends Trading Hours

Beginning June 2, will hold sessions to 3:30 p.m., thus extending trading one-half hour. Exchange to be closed on Saturdays from May 24 to Oct. 4.

John J. Mann, Chairman of the Board of the New York Curb Exchange, announced on May 19 that the Curb's governors approved a plan whereby beginning June 2, 1952, the market's trading hours will be extended one half hour daily providing for sessions to close at 3:30 p.m. (EDST) instead of at 3:00 p.m. (EDST) as at present. The Curb Exchange thus takes the lead in revamping the hours of full-session trading which have remained unchanged in New York, the nation's financial center, for approximately 80 years.

John J. Mann

Mr. Mann stated that "the board's ruling is merely investigatory in nature and that the plan will be placed in operation on a purely experimental basis. This is a progressive step designed to offer an additional half hour trading period daily for our investing public. It is the first clear recognition by a major securities market of the marked westward shift of our centers of population and wealth and the impact of the variance in time zones within this country on securities trading. The extension of the trading hours is also a recognition of a major problem within our industry and an effort to provide a satisfactory solution."

Mr. Mann pointed out that the new system would provide a basis for Curb Exchange analysis of trading patterns and may aid in the solution of the vexing year-round Saturday closing problem that has caused wide divergence of opinion among investors and Wall Streeters alike.

The Curb's Board of Governors, in line with recent policy, has decided to discontinue Saturday trading after the May 24 session and until Oct. 4, 1952 when Saturday sessions are scheduled to be resumed.

Taxing Saver's Dollar Through Inflation

By CARL G. FREESE*
Retiring President, National Association of Mutual Savings Banks
President and Treasurer,
Connecticut Savings Bank of New Haven, Conn.

Mr. Freese, holding savings bankers should not be satisfied merely to return deposited dollars to customers, urges they work for protection of purchasing power of these dollars. Points out savers, in addition to high personal income taxation, are further taxed through inflation. Attacks theory inflation is means of underwriting prosperity, or that the economy should feed on credit expansion. Urges bankers to encourage saving by helping saver get a square deal. Backs move to return to gold standard.

Our mutual savings banks are the custodians of the savings of almost 20 million Americans. We have the responsibility of safeguarding the more than $21 billion they have entrusted to our care. It is our duty to maintain unimpaired the sums that have been entrusted to us, to have these funds available to our depositors when they call for them, and to so invest them as to yield the highest possible return consistent with safety and liquidity.

Carl G. Freese

But our responsibility does not stop there. We cannot complacently remain satisfied merely to return to our depositors the same number of dollars that they deposited with us. The consumer's dollar now buys roughly half of what it did in 1933, and also of what it did when World War II began in 1941, and two-thirds of what it did when that war ended in 1945. Over these two decades, the American public has taken a beating on its savings, and the diminution in the buying power of the people's dollar has continued practically up to the present time. I firmly believe that the thrifty saver is entitled to a just reward for the contribution that he has made to American progress. Without him, we would not have the magnificent industrial plant and the economic development which has made possible the highest standard of living that man has ever achieved.

Discriminatory Taxes Against Savers

As the level of personal income taxation has risen in recent years, the taxes of the saver have mounted. In addition, however, he has been subjected to a further discriminatory tax from which other classes of tax payers have been exempt. I refer to the steady decline, year by year, in what his savings will buy and what the modest income he receives on these savings will buy. Instead of being discriminated against, I think that the saver, in view of his service to society, merits special consideration. We should not penalize him, but instead reward him for what he has made possible for all of us through his personal self-denial. I think that we as savings bankers have a responsibility to our depositors in trying as best we can to protect the purchasing power of their savings.

There has been too great a disposition to accept inflation as inevitable. This is true not only of the war period with its huge governmental deficits which were necessary to protect the nation. Instead, I believe that much of the tone of present thinking may be traced back to the efforts to fight deflation during the 1930s. The government then preached that all we had to do was to *spend* our way to prosperity. If people didn't have the cash, the government would either spend itself or would give them the necessary cash. During the 1930s this seemed an appropriate means of increasing output, income and employment. We may seriously ask, however, whether in the postwar years that way of thinking has not outlived its usefulness. In fact, the late Lord Keynes realized that his ideas on monetary management were a two-way and not a one-way street. The money managers, however, have too often yielded to the lure of easy money. Even if there is over-all full employment, some men and machines are always idle at any one moment, so that to the unitiated the danger of recession always seems to lurk around the corner. Thus there has continued to be reliance on a philosophy of credit expansion as a means of continuing prosperity. In short, inflation has come to be regarded by many as the means of underwriting prosperity.

A good illustration of this type of thinking was given in some of the testimony before Congressional committees in Washington recently. Trying to look ahead a generation, and feeling that actual hourly output will increase at a given rate year by year and that population will also increase, some witnesses have tried to calculate the necessary money supply, calmly assuming that prices will also be rising by a given percent each year. They have therefore reached astronomical figures for a necessary money supply in 1980 and conclude that the only way to get the necessary dollars is to monetize government debt.

Surely this is fantastic thinking. It puts the cart before the horse. It assumes that prosperity necessarily involves inflation. It calmly accepts inflation as necessary if economic progress is to continue. Bringing it closer home to all of us, it calmly says that over the next generation the buying power of people's savings must be permitted to erode. To the self-denial that savers practice is to be added the further sacrifice of loss in what they savings will buy. To me, this is a perverse view. Instead, what we really need to do today in this country is to face the question. How can we achieve the full employment and growing real income which our technological advance will continue to make possible without having inflation follow in its wake? What changes are necessary in the structure of our economy and in the economic policies we pursue, in order to achieve this result? Only if we face this challenge squarely and think the matter through can we have a sound as well as a prosperous America in the years to come. No enduring basis for our economy can be found if we are asking one group to gratuitously underwrite economic progress—and what makes it worse, a group which quite often does not realize the part it is playing and the sacrifices it is really being asked to make.

An Excellent Time to Face The Issue

It seems to me that the present lull during the transition from a civilian to a stepped-up defense economy provides an excellent time to face this issue. We should not merely by default go back to the notion developed in the 1930s that more credit should be pumped into any area in which adjustment is taking place. If we continue the process of credit expansion we will inevitably face a day of reckoning. The economy that feeds on credit expansion as its motivating force inevitably requires bigger and bigger doses. History shows that the process cannot go on forever. The result is merely to accent the maladjustments and to bring us face to face with a greater problem at a later date.

I feel that our present economy is able to stand the necessary adjustments. It has certain built-in elements of stability which were lacking in the dark days before 1933. Take, for example, the whole system of social security: Unemployment insurance helps maintain the income of workers during depression instead of cutting that income off entirely, while old age security continues the purchasing power of these individuals after their productive days are over. In both instances, there is a continuity of income that was hitherto lacking, which should provide an important support when economic conditions tend to sag. For this reason I do not fear wholesame readjustments in our economic activity nearly as much as I would have a quarter of a century ago.

What Savings Bankers Should Do

What should we do, as savings bankers who recognize their responsibility to their depositors? The main outlines are quite clear:

(1) *We should encourage people to continue to save.*

We all know that for several years defense of our country will call for large expenditures. These should properly be provided from current savings. Moreover, saving, rather than spending, makes good sense in a defense economy —since we cannot have the needed guns and the desired butter simultaneously. The butter must wait!

(2) *We should see to it that the saver gets a square deal.*

The integrity of his savings must be protected so that he can continue to save with confidence, that he is doing the wise, as well as the right, thing. A starting point in this connection is to secure economy in government. Every dollar that *must* be spent for defense should be provided, not a dollar more. Non-defense governmental activities should be carefully scrutinized to eliminate the frills that we cannot today afford. If this is done, we shall be in a position to keep deficit financing by government at an absolute minimum. If we achieve such economy, both governmental and private, we shall avoid the increase in the money supply which means the multiplication of dollars "with no place to go" and which inevitably leads to inflation.

Personally, under present conditions, I would limit reliance upon monetary management. My chief concern is to have a ceiling placed on expansion. I believe that, beguiling as the thought may be, that money managers can contract as well as expand a money supply in accordance with the economic needs of the time, experience shows that hey inevitably adopt an expansionist philosophy. When they write their own ticket, contraction disappears and unbriddled expansion remains. Current proposals that we reinstitute the gold standard therefore have much appeal to me. If we made gold really available to our own citizens as well as to foreign nations, individuals would exercise a check upon a government that succumbed to the urge for reckless expansion. The people would draw down its gold reserves and bring pressure on that government to halt the expansion. I realize fully that reinstatement of the gold standard would necessitate harsh adjustments, but I think that it would be the lesser of two evils. We must beware of setting our objective too high and finding that in practice we achieve inflation instead of stability. I would much rather deliberately restrain the discretion of monetary management, hoping for a better, even if imperfect, end product.

Let me tie these thoughts together. I believe that one of the greatest obligations we have to our depositors today is to fight for sound money. This means constant vigilance on our part so as to insure wise governmental policy. It means also that we continue to carry the message of thrift to our depositors and encourage the growth of savings by the various means in our power. In this connection we must not forget that the saving public is a constantly changing parade. Although many millions of Americans are well aware of the importance of our thrift institutions, each year there are many others growing up who are not familiar with us and our ways. We must continue aggressively to expand our services and our promotional activities to reach an ever larger public. At the same time we must recognize our duty to protect the interests of these savers in a sound economy.

*An address by Mr. Freese before the 32nd Annual Conference of the National Association of Mutual Savings Banks, Boston, Mass., May 15, 1952.

Eldridge Scurr With Merrill Lynch Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Eldridge B. Scurr has become associated with Merrill Lynch, Pierce, Fenner & Beane, Patterson Building. Mr. Scurr was formerly for many years with John M. Douglas & Company, Inc. in the municipal department.

Thomas F. Foley Joins Hooker & Fay Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas F. Foley has become associated with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. Mr. Foley was formerly Manager of the trading department for Waldron & Company.

Now A. T. Fruin Co.

The firm name of Fruin & Thornton, 114 Liberty Street, New York City, has been changed to A. T. Fruin Company, Mrs. E. A. Thornton having retired from partnership in the firm.

With King Merritt Co.

(Special to THE FINANCIAL CHRONICLE)

PONTIAC, Mich. — Richard L. Thomas, Jr. is now with King Merritt & Co., Inc., 53½ West Huron Street.

With State Bond & Mtge.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—Douglas N. Beecher is with State Bond & Mortgage Co., 26½ North Minnesota Street.

Missouri Brevities

Western Auto Supply Co. (Missouri) reports April sales of $12,471,000 compared with $10,880,000 in April last year, an increase of 14.6%. Sales during the first four months of 1952 amounted to $42,434,000 compared with $46,699,000 in the first four months of 1951, a decrease of 9.1%. The company owned 271 retail units and serviced 2,655 wholesale accounts in April, 1952 compared with 265 and 2,579, respectively, a year earlier.

The larger number of wholesale units served, plus the fact stores bought ahead a little more liberally in April reflected a gain of nearly a million dollars in this division.

April's retail volume was $6,030,000, a gain of 11.7% over a year ago; the wholesale volume of $6,441,000 represented a gain of 18.1%.

* * *

Anheuser-Busch, Inc. reports that earnings for the first quarter of 1952 were $1,886,380 (42¢ per share), as compared with $2,609,280 (58¢ per share) last year. Federal income taxes were provided for at the average annual rate of 58%. Last year's average annual rate was 48½%. The company in the 1952 period retained $767,630 of its earnings. This amount, together with depreciation provision and reduction in deferred charges, provided funds of $2,140,451 which were used as follows: $1,685,567 to improve working capital; $94,423 to increase investment in miscellaneous non-current assets; and $360,461 to increase investment in plant property.

* * *

Directors of **W. S. Dickey Clay Manufacturing Company** voted the usual quarterly common dividend of 25 cents a share, payable May 7 to holders of record April 30.

H. P. Wilhelmsen, President, said that sales in the first five months of the current fiscal year ended March 31 were on a comparable level with a year ago. The backlog of orders showed no decrease and currently amounts to about 66,000 tons, or about the same as at the start of the year.

With such a backlog, he said, the company should continue at a near-capacity operation the remainder of the fiscal year.

* * *

Shenandoah-Dives Mining Company in the first quarter of 1952 reported net profit, before taxes, of $111,896, compared with $85,917 a year earlier.

Concentrates produced totaled $411,180, against $453,477. Operating expenses at the mine and mill were $257,906, against $329,267.

Income tax accruals for the first quarter amounted to $28,151; none was set up a year earlier.

* * *

At a special meeting on May 19, stockholders of **Continental Building Corporation** approved a proposal calling for dissolution of the company, according to report. The corporation's real and physical personal property known as the Hotel Continental was sold earlier this year for $2,200,000. The mortgage of $160,166 against the property has been paid.

Directors voted a payment of $2 a share cumulative dividend to the class A holders from July 1, 1939, to May 19, 1952. Any further distribution must await determination and payment of Federal taxes, it was said.

* * *

Higher operating costs served to nullify, profitwise, the substantial rise in revenues attained by **Trans World Airlines** in the first quarter of 1952 as compared with the same period in 1951. While income increased to $32,747,152 from $29,053,353 in the initial three months a year ago, operating expenses in the current quarter amounted to $33,043,339 as against $28,505,209 in the 1951 quarter. The airline reported a net loss of $552,923 for the 1952 quarter, compared with a net profit of $151,287, or 6 cents a share on the common, in the corresponding period last year.

* * *

The Central Surety & Insurance Corporation reported a marked improvement in operations in the first quarter of 1952, as compared with a year earlier. The results, it was said, were better than had been expected in view of the continued heavy losses incurred in the motor car liability and the workmen's compensation lines. In the unprofitable lines the losses, however, were not as large as a year ago.

Net profit for the first three months amounted to $129,059 after income taxes. This compared with a loss of $173,471 a year earlier.

After payment of dividends, the surplus rose $146,933 to a total of $3,772,187. In the like 1951 period the surplus account was reduced by $350,194.

* * *

The interim statement of **Interstate Bakeries Corp.** for the 16 weeks ended April 19 reported net earnings of $591,881, or 79 cents a common share, as compared with $685,363, or 94 cents a share, in the same period of 1951. Earnings on the common in each instance were after preferred dividends.

* * *

The net loss of **American Service Company** for the first three months of 1952 was $179,835, compared with a deficit of $173,961 a year earlier. The company normally sustains a loss on its ice operations in the first quarter because of the reduced demand plus the fact that during the winter months most of the plant repair work is done.

Ice sales were $280,227, a decrease of $23,426 from a year ago. Other sales, which include appliances, frozen foods and miscelloneous merchandise, totaled $751,197, a gain of $118,052.

The net profit on sales other than ice was less than a year before on account of the fact that volume of appliance and coal, where the profit margin is greater than in other sundry lines, was less than a year ago.

* * *

The Employers Reinsurance Corporation, which suffered heavy losses in 1951, reported a marked improvement in the first quarter of 1952. The liquidating value of the common stock rose from $58.46 to $61.55 a share during the recent quarter.

More than $600,000 was added to the surplus account in the three months ended March 31. In all of 1951 the surplus account was reduced by more than 5 million dollars.

"The management feels that the corporation now is on a sound basis and that the future, while not likely to show as favorable results as in the first three months, will nevertheless show an improvement in the months to come," according to President Frank Proper.

The management, he said, feels that reserves are adequate for all possible contingencies and the total loss reserves currently are in excess of 32 million dollars. In setting up additional reserves, including those for incurred but not reported losses, the company cut into surplus account last year.

At the close of 1951 the unreported loss reserves totaled $11,186,627 and three months later they were $10,856,224. A reduction of only $330,403 was in face of a reduction in the liability and compensation lines of more than $1,200,000.

* * *

Monsanto Canada, Ltd., a subsidiary of Monsanto Chemical Co., has purchased all the outstanding common stock of Barringham Rubber & Plastics Co., Ltd., of Oakville, Ont., makers of vinyl chloride plastic, a wide range of plastic-coated fabrics and rubber products. The parent company will provide technical assistance to the subsidiary for the development of new products in the general field of plastics, and will supply raw vinyl materials to the Canadian market through its new unit.

T. J. Paisley Co. Formed

(Special to The Financial Chronicle)

MEDINA, Ohio—T. J. Paisley Company is engaging in a securities business from offices at 203 South Court Street. Officers are Thomas J. Paisley, President; Howard W. Domeck, Secretary and Treasurer.

Two With Reynolds Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Raymond B. Colby and Paul J. Killeen have become connected with Reynolds & Co., 39 South La Salle Street.

With W. L. Lyons Co.

(Special to The Financial Chronicle)

LOUISVILLE, Ky. — Hume C. Herrington is with W. L. Lyons & Co., 235 South Fifth Street, members of the New York Stock Exchange.

Two With Waddell & Reed

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Mary F. Farrell and Elmer G. Stark have become affiliated with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Joins Edgerton, Wykoff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Abie S. Ohanian is with Edgerton, Wykoff & Co., 618 South Spring Street.

Connecticut Brevities

The Public Utilities Commission has ruled that it has jurisdiction to settle the dispute between **Connecticut Light & Power** and the City of Stamford over the company's right to build a generating plant on a waterfront property that is presently zoned for residential use. Over a 15 months' period, Connecticut Light & Power has been seeking to have the land rezoned for industrial use, and the city has recently announced a desire to condemn the land for use as a recreational area. The company has now purchased the 75-acre area which includes Cove Island for a sum of $474,000. The generating plant would serve the southwestern area of the state, including wholesale power sales to Connecticut Power for distribution in Stamford. Connecticut Light & Power has recently ordered two 75,000 kilowatt generating units of which the first would be installed at the Montville plant in September, 1953, and the second in the southwestern area in 1954. Recently the company has received two certificates of necessity for accelerated amortization of 40% to 50% of a total $20,165,000 of new facilities at Uncasville and Thompsonville.

* * *

Sales of **Manning, Maxwell & Moore** in the first quarter of 1952 were about $10.1 compared to $7.5 million in 1951. Earnings were down from $0.98 to $0.62 per share due to higher taxes and the increased number of shares. Orders booked in the first quarter were slightly in excess of sales, due to an increase in defense orders.

* * *

Casco Products Corporation and **Yale & Towne Manufacturing Company** are among the group of companies which will cooperate in production of M 48 type fuses for the Army under an arrangement which will provide exemption from the anti-trust laws.

* * *

Cheney Brothers has announced that its subsidiary, **Pioneer Parachute Company**, has received a contract to produce parachutes and parachute assemblies for the government. The contracts amount to $4,737,265.

* * *

Stockholders at the annual meeting voted to change the name of Electric Boat Company to **General Dynamics Corporation.** It was also voted to increase the number of authorized common shares from 1,100,000 to 2,500,000. There are no present plans to issue the additional stock.

* * *

Estimated earnings for the first quarter of **United Aircraft Corporation** were about $1.00 a share compared to $0.93 in 1951. Shipments during the period were $145 million against $88 million the previous year. At the annual meeting it was stated that earnings in the second and third quarters of this year would be adversely affected by moving and rearranging the facilities of the Pratt & Whitney Aircraft and Hamilton Standard Propellor Di-

Hamilton Standard Propeller Di-

move into the new plant at Bradley Field at that time.

* * *

Stanley Works has filed a letter of notification with the SEC covering 6,000 shares of common stock which is expected to be sold to employees at $50 a share. The proceeds will be used to supplement working capital.

* * *

Gray Manufacturing Company has announced the development of a new system of dictations designed to serve a number of users by connecting them by telephone to a single recording unit. The new system which is called Phon Audograph is designed to provide low cost dictation, facilities for part-time users. Through four push buttons on the telephone the person dictating can play back part or all of what has been dictated and can make corrections or indicate the end of letters. Recordings are made on discs as in the case of the company's standard Audograph.

War O. Brooks Will Form Own Inv. Co.

WICHITA, Kans. — War O. Brooks, member of the Midwest Stock Exchange, will form Brooks & Company with offices in the Union National Building to act as dealer in unlisted corporate securities. Mr. Brooks was formerly Executive Vice-President and Secretary of Sullivan-Brooks Co., Inc.

With Floyd Allen

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Stanley C. Todd is now connected with Floyd A. Allen & Co., Inc., 650 South Grand Avenue. He was previously with King Merritt & Co., Inc.

With American Funds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert L. Lindstrom has joined the staff of American Funds Distributors, Inc., 900 Wilshire Boulevard. Mr. Lindstrom was formerly with Harris, Upham & Co. and Dempsey-Tegeler & Co.

Bateman, Eichler Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Louis V. Shackett has been added to the staff of Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange.

With W. H. Newbold

PHILADELPHIA, Pa. — W. H. Newbold's Son & Co., 1517 Locust Street, members of the New York Stock Exchange, announce that Edward R. Malloy is now associated with them as a registered representative.

With Wulff-Hansen

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Larry H. Marks, Jr. has been added to the staff of Wulff, Hansen & Co., Russ Building.

Prospective Mortgage Supply and Interest Rates

By GEORGE T. CONKLIN, JR.*
Second Vice-President, Guardian Life Insurance Company of America

Mr. Conklin analyzes housing situation, and contends new starts on housing in current year will approximate one billion, considerably more than earlier estimates. Says this means a larger supply of mortgages than anticipated, and, as there is an adequate demand for investments, the mortgage money supply in 1952 should be about $5½ billion, approximately that of 1951. Predicts, however, there will be a substantial shrinkage in funds for mortgages in years ahead. Holds interest rate levels within next two or three years will be steady.

Housing is a field to be approached with fear and trepidation by the forecaster. Forecasting future trends in economic activity generally is hazardous enough in itself, but on the basis of past records housing presents particular pitfalls.


G. T. Conklin, Jr.

They have probably been more incorrect forecasts in recent years dealing with housing than with any other sector of economic activity. Within the past year we have had two glaring examples of such errors. The first major error dealt with the effect of Regulation X on housing starts in 1951. When Regulation X was put into effect it was designed to reduce housing starts by making financing more difficult. Actually, it had exactly the opposite effect for it created a tremendous "beat the gun" activity in 1951 and as a result of pre-regulation X commitments rushed through before the deadline, Regulation X had little or no effect upon housing starts until the summer of 1951, just a short while before the situation which it was designed to correct was so basically changed that Regulation X was substantially liberalized. I feel that the months of Regulation X are numbered. And, looking back upon it after its demise, I do not feel that it will be evaluated objectively as having been of much real use, but rather of considerable nuisance value.

The strange thing about 1951 estimates of the building situation is that in general the private economy joined the government in its analysis of the housing situation and many people expected housing starts in the last half of 1951 to drop to an annual rate of 500,000. The generally accepted figure for 1951, however, was 850,000 starts. As we all know, the surprise of the year was that building starts totalled 1,094,000, with only 70,000 public starts.

There are only two sources of which I know that correctly assessed the number of housing starts in 1951, one a government source — the Federal Reserve Board, and the other a private source—"Fortune Magazine." The Federal Reserve Board survey of consumer plans for consumer spending and saving indicated a strong housing market for 1951 and Federal Reserve Chairman Martin estimated 1951 starts fairly early in 1951 as better than 1,000,000. Fortune Magazine conducted a sampling poll of building intensions and in May of 1951 came up with a figure for 1951 housing starts of 1,125,000. Both of these estimates were remarkably correct.

More Housing Starts Than Predicted

Undaunted by their previous mistakes, most government sources insisted in the last quarter of 1951 that there was going to be a serious shortage of numerous critical materials in our economy, and that these shortages would be the determining factor in the housing situation in 1952, limiting starts to about 800,000. One agency even stated that housing would have to be cut back to around 600,000 starts. In most 1952 forecasts appearing around the first two months of the year the level of housing starts assumed was 800-850,000. In the past two months, howeved, a substantial change has taken place which gives rise to the probability that once again housing starts will have been underestimated.

In the first place it has become evident to all, or at least it should have become evident, that the demands of the defense program have been grossly overexaggerated and the productivity of the economy underestimated, with the result that we are not facing a period of shortage. There will be enough materials available to take care of the defense program and in general all the goods the private sector of the economy will demand. Thus in housing, the level of starts will not be greatly influenced by material shortages but rather by builders' estimates of market demand.

There are several factors aside from the absence of a materials pinch which point to a higher level of starts for 1952 than the 800,000 commonly estimated until recently. Both of the sources which correctly estimated 1951 housing starts forecast a substantially higher level of starts than 800,000. The Federal Reserve Survey of Consumer Plans for Spending and Saving in 1952 indicates that while the consumer expects to spend less in 1952 on other consumer durables (autos, refrigerators, etc.), he plans to buy new homes in 1952 at about the same rate as in 1951. These plans are dependent of course upon the maintenance of high incomes. However, since it is quite certain that business activity and consumer incomes will rise for at least 6-8 months, this survey would indicate housing starts for 1952 at about 1,000,000.

The "Fortune Magazine" survey of spring building plans indicates 1,150,000 starts for 1952, up 5% from 1951. This survey likewise indicates no trouble with availability of materials. In fact, the general complaint was that NPA regulations forbid the use of materials that are plentiful in supply.

In addition to these two surveys there is the more concrete evidence of building starts themselves. These starts have risen contra-seasonally in the first quarter and for March amounted to 98,000 units, up 6,200 from March of last year. Starts for the first three months totalled 243,000 units, as against 260,300 last year.

Thus, based upon the evidence to date this year, a level of starts of around 1,000,000 units would not be surprising. If such a level of starts is realized, then a considerably larger supply of mortgages for 1952 than originally anticipated is likely. The net increase in residential mortgages on 1-4 family homes in 1951 was $6,100,000,000, and comprised by far the largest single sector of demand for individual savings in the economy. To this figure may be added an estimated two billion for mortgages of other types, bringing the total estimated net mortgage demand for 1951 to about $8,100,000,000. To weigh the importance of this sector in the money market, compare it with the net new bond issues of about $4,500,000,000 for 1951.

Investment Funds in 1952

Several studies of the demand and supply of investment funds for 1952 were made in the first three months of the year. All of these studies indicated a very substantial drop, averaging about one-third, in the supply of residential mortgages. Thus net residential mortgages were estimated in the neighborhood of $4,000,000,000, plus or minus. The basic for this lower estimate was in large degree, although not wholly, an anticipated sharp decline in new residential construction. Should 1,000,000 starts be reached in 1952, however, these estimates would be about $1,500,000 too low, and mortgage supply in 1952 would be within striking distance of the 1951 supply.

The evidence provided by nonfarm mortgage recordings under $20,000, although it is at this writing available only for the first two months of the year, indicates a continued good supply of mortgages for 1952. In these two months such recording totalled $2,569,162,000, up 2.2% from the first two months last year, and February recordings were the highest for any February. There is, moreover, an indicated tendency for the averaeg mortgage per unit to increase.

In summary, therefore, it would seem that the supply of mortgages available over the near term will be quite ample, in contrast to the expectancy a few months ago.

The Longer Term Supply of Mortgages

Let us first review the background of mortgage supply over a period of years as a setting for a discussion of the longer term outlook. In 1930 the outstanding mortgage debt on 1-4 family homes reached a peak of $19,874,000,000; by 1939 this debt had declined to $17,948,000,000. Thus for the nine years 1930-39, there was no net new mortgage supply; instead there was a 10% reduction in the supply. With economic activity picking up in 1940 and 1941, outstanding mortgage debt increased by about $1,800,000,000 to $19,754,000,000 in 1941, about the same level as in 1930. Mortgage debt remained relatively constant

Continued on page 27

*An address by Mr. Conklin before the 32nd Annual Conference of the National Association of Mutual Savings Banks, Boston, Mass., May 15, 1952.

The Effect of Retirement and Pension Funds on Savings

By ROGER F. MURRAY*

Vice-President, Bankers Trust Co., New York

After reviewing briefly growth and status of retirement and pension funds, Mr. Murray discusses question whether growth in such funds represent a net addition to total personal savings. Concludes, on balance, private pension funds tend to increase flow of institutional savings and may lead to modest net addition to personal savings. Says investments of pension funds provide greater fluidity and flexibility to capital markets.

The principal disability in even a brief discussion of this topic is the lack of adequate data on the volume of retirement and pension funds. Most of you are familiar with the estimates which we in Bankers Trust Company have made as to the rate of growth in industrial pension plans. Other surveys are now in process which ought to assist in revising or confirming these estimates. In the meantime, however, the rough magnitudes involved may be indicated by accepting our figures for annual additions to insured and trusteed pension plans in the range of $1¾ to $2 billion. During the current year and probably during last year, the amounts are probably nearer the upper limits of this range. Of the total, perhaps 40% to 45% is going to life insurance companies under insured plans and the balance is being accumulated under trusteed plans administered by the companies or by corporate fiduciaries.

Roger F. Murray

There are two basic questions for our consideration today. One is whether the growth in pension funds represents a net addition to total personal savings or whether it simply displaces other types of provision for the future. The second question relates to qualitative aspects of this particular flow of funds.

An Addition to Total Savings?

On the first question, I have been unable to find an entirely satisfactory answer. It seems to me that we are not sufficiently clear on savings behavior under varying economic conditions to be able to make really precise analyses of individual components. The argument, therefore, must be on rather general grounds. Over a long period of years, for the last 75 at least, there has apparently been no pronounced trend in the proportion of personal income saved, despite the great growth of life insurance and other savings media. In effect, what has happened is that one form of personal savings has been partially diverted to another. This general observation suggests that the growth of retirement plans will simply take the place of growth in one or more other types of accumulations of capital.

There are, however, several arguments in favor of the view that total personal savings are being increased as a result of the rapid expansion in the coverage of individuals under industrial pension plans. The contractual character of contributions suggests that they will be more stable over a period of years than the voluntary savings program of individuals. The principal effect may be on dissaving, which accounts for such a large partion of the changes in the net savings item which we usually discuss. Because dissaving is traceable in large measure either to people no longer able to work or to those responsible for their care, it would appear logical to expect that over a period of years, as more and more pensioners qualify for full benefits, dissaving from this cause will be reduced.

Thus, on balance, it seems to me that private retirement plans tend to increase the flow of institutional savings and may represent a modest net addition to personal savings. I would suspect, however, that other trends in savings, as they are modified and changed over the years, are likely to be many times more influential in determining the over-all pattern.

Qualitative Aspects

The second question, as to the qualitative aspects of this component of the savings flow, can be approached with considerably more confidence and, in my opinion, fairly specific conclusions can be reached.

First of all, this is a relatively stable flow. Historically, when coverage was more largely confined to industries which were in a position to offer inducements for long service, the contributions were probably even more regular. The more recent extension of coverage to heavy industry and to hourly paid workers suggests that there will be greater variation from year to year. Also, the options of many companies to fund varying proportions of past service liabilities in any one year permit higher contributions in good years and little or nothing in the way of payments when profits are low. Where there is some flexibility as to retirement age, also, benefits will rise in poor business years as more individuals retire. There are no accurate data on the fluctuations in contributions to retirement plans, but it is probable reasonable to suppose that the variations might range up to 20% in either direction from the average rate of growth.

The other important characteristic of this flow of funds, the one most frequently mentioned, is its impact on the capital markets. It is often said that pension reserves are highly concentrated in the seasoned debt securities of large corporations. This is not altogether true and it is not as significant as it sounds. The reserves under insured plans are, of course, pooled with all other life insurance investments. While corporate bonds are the largest single group of holdings, recent years have witnessed greater emphasis on direct placements of smaller size and on loans to organizations such as the finance and small loan companies which in turn extend credit to individuals and small business enterprises. In the mortgage field, moreover, the life insurance companies have concentrated heavily on residential housing for individuals. Greater latitude in making equity investments has also been granted in recent years.

In trusteed pension funds, a notable development of recent years has been the increasing use of equities. The investment restrictions of many funds have been altered to include preferred and common stocks among the classes of permitted securities. While there is wide variation among individual funds, a proportion of 25% to 30% or more in common stocks is not unusual. Although common stock investments of $200 million a year or less are not tremendous, they are sizable in relation to net new issues of corporate equities. Furthermore, over a period of years life insurance companies and other savings institutions will undoubtedly be adding to this flow. It appears that at long last the sources of equity capital are being enlarged to replace the individual investors in the upper income brackets whose buying power has been so drastically reduced by our highly progressive income and estate tax structure.

The point is sometimes made that the equity money from savings institutions is usually directed to the securities of well-established companies which qualify as "prudent man" stocks. This seems like an appropriate situation, bearing in mind the need for such investors to manage their affairs on a conservative basis. Also, under the present tax structure, it may well be that we must look largely to well-established enterprises rather than to new ventures for technological advances, new product development, and the other forms of ingenuity and aggressiveness which lead to industrial progress.

In any event, purchases of stocks with retirement and pension fund assets places those who sell in a position to make more speculative investments if they are so minded. The important fact is that greater fluidity and flexibility are being provided to the capital markets. If the flow of funds does not reach and keep afloat new enterprises, which is the common complaint, we should recognize the real source of the difficulty. The essential problem is not impediments in the flow of capital, but rather the poorly conceived tax structure which is so burdensome on the individual and the new, growing corporation.

Some Possibilities for the Future

It is interesting to speculate upon some of the long-range implications of this additional source of permanent capital for business enterprises. The most stimulating thought to me is the possibility that the greater availability of funds from institutional sources will make corporations willing to rely more upon the capital markets for their expansion and less upon retained earnings. The volume of corporate savings would be reduced to the extent that this trend develops.

The policy pursued by the American Telephone and Telegraph Company over many years illustrates the point. In spite of its tremendous expansion requirements, that company has paid out a very high proportion of current earnings and offered securities for its new money. The appeal has been successfully made to all segments of the market: long-term bonds for institutional investors, a substantial stock purchase program for employees, and an unprecedented volume of convertible debentures appealing to almost all groups. Not all companies can make as effective an appeal to all types of investors, but perhaps more of them could use a similar approach if the demand from all phases of the market is stabilized and broadened by the flow of savings through institutional channels. This would be a healthy development.

*Paper delivered by Mr. Murray at the University of Minnesota National Conference on Savings, Inflation and Economic Progress, Minneapolis, Minn., May 17, 1952.

With Protected Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William D. Dickey has been added to the staff of Protected Investors of America, Russ Building.

Urges Private Issues Be Registered With SEC

Lincoln J. Patton, in behalf of Halsey, Stuart & Co. Inc., tells Subcommittee of House Interstate and Foreign Commerce Committee the Securities Act of 1933 should be extended to securities marketed directly through private placement.

In a statement submitted on May 20 by Lincoln J. Patton, on behalf of Halsey, Stuart & Co. Inc., Chicago investment banking concern, to the Securities and Exchange Commission Sub-Committee of the House Interstate and Foreign Commerce Committee, a proposal was made for an amendment to the Securities Act of 1933, which would require registration of securities marketed through private placement, and not directly offered to the public. Citing the rapid recent development of the practice of many corporations to sell their securities directly to institutional investors without the requirement of registration, as permitted by the statute, Mr. Patton maintained that this exemption constitutes a loophole in the Act and, therefore, does not afford protection to investors such as is furnished by registered securities.

The arguments put forth by Mr. Patton for his proposal are:

"(a) The exemption of privately placed securities is an evasion of the spirit and intent of the Securities Act;

"(b) Millions of holders of insurance policies as well as certain pension fund beneficiaries are being denied the Securities Act protection which other investors enjoy;

"(c) Countless other investors throughout the country are being deprived of their fair share of a large number of desirable issues;

"(d) Unnecessary problems are created for public regulatory bodies;

"(e) Discrimination is involved between the two principal methods of sale of securities;

"(f) The public will lose some of the improvements in corporate management and practice that were brought about by the Securities Act;

"(g) The resale of unregistered issues to the general public is permissible."

Mr. Patton also contended that private placements are often shortsighted from the standpoint of the issuer of the securities because:

"(1) The adequacy of price received by the issuer is frequently open to question;

"(2) The issuer deprives itself of the benefits of an open market for its securities;

"(3) The ease, speed and economy of such transactions have been overstated."

In support of his contention that exemption from registration of "privately placed" securities is responsible for the mounting volume of new issues that are marketed in this manner, Mr. Patton submitted the following table covering a 16-year period which shows the volume and percentage of privately placed classes of new issues of both debt and equity securities, as published in the annual reports of the Securities and Exchange Commission:

Gross Proceeds from Cash Sales of New Corporate Securities (Debt and Equity) Offered in the United States Jan. 1 1934 to Jan. 1, 1950

	Billions of Dollars — Total Public and Non-Public Sales	Billions of Dollars — Non-Public Sales	Non-Public Sales % of Total
Grand total—all corporate classes	$57.4	$16.5	28.8%
(a) Steam railroads	6.7	0.3	0.4
(b) Public utility	25.8	5.4	21.0
(c) Industrial	21.7	9.2	42.4
(d) Real estate and financial	3.2	1.6	50.0

On the basis of this table Mr. Patton pointed out that out of a total of $6.7 billion of steam railroad securities sold for cash during this 16-year period only about $300 million or 0.4 of 1% were nonpublic. It is significant, he said, that railroad securities are exempted from the registration provisions of the Securities Act. The securities included in the remaining three classifications of this table are not exempted from such registration. The substantial percentages of nonpublic sales in the public utility, industrial and real estate and financial classes support the conclusion, Mr. Patton stated, "that such sales, in their present proportions, are an outgrowth of the registration requirements of the Act."

John Whitbeck to Address Library Group

John M. Whitbeck, Vice-President of Blair, Rollins & Co. Inc., will address the Financial Division of the Special Libraries Association on Tuesday, May 27, in connection with the association's 43d National Convention. The subject of Mr. Whitbeck's speech, which will be delivered at the Hotel Statler, will be "Municipal Statistics."

Miss Joann Aufdenkamp, Librarian for the Federal Reserve Bank of Chicago, who is Chairman of the Financial Division, will preside over the open discussion following the program.

Arrangements for the program were made by a committee of New York members headed by Miss Anne P. Mendel, Librarian for Bank of the Manhattan Co., and Miss Catheryn Suydam, Librarian for the Chase National Bank of New York.

The Financial Division is composed of librarians for banks, securities dealers, brokers and business companies.

A. W. Smith Joins Ebasco Services

Albert W. Smith has joined Ebasco Services Inc. as an advertising and sales promotion consultant. Before joining the engineering, constructing and business consulting firm, Mr. Smith was Sales Promotion and Advertising Manager of Arizona Public Service Co. (formerly Central Arizona Light and Power Co.).

E. R. Black Addresses Bond Club Today

Eugene R. Black, President of the International Bank for Reconstruction and Development, will address the Bond Club of New York at a luncheon meeting today at the Bankers Club.

Three With Consolidated

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert H. Clough, Arthur Dachman and Robert L. Williams are with Consolidated Investments Incorporated, Russ Building. Mr. Clough was previously with Highland Securities Co.

Defense, Politics And Sound Money

By W. RANDOLPH BURGESS*

Chairman, Executive Committee, Nat'l City Bank of New York

Prominent New York banker, in calling attention to current relief from tension of impending war and inflation, says improved situation is due in part to "stretch out" in the military program. Warns this "relief of tension" may be overdone, since we are "not yet over the hill," but predicts business will remain at current level during remainder of year. Taking a longer term view, Mr. Burgess sees budget problem crucial and threatening further inflation. Asserts current high taxes, if continued over long period, will destroy incentive.

The outstanding feature of the present economic situation in the United States is that tension has been relieved. Rightly or wrongly, we no longer are quite so fearful that the Russians will start invading Europe or begin a new war elsewhere.

W. R. Burgess

The tension is also relieved in the area of inflation. That is shown by the movement of commodity prices since the middle of last year, by smaller sales of textiles and household appliances. It has been shown in the past few weeks by a rise in the market for government securities and by some reduction in bank loans.

This change is due partly to a "stretch-out" in the military program. Up until a few months ago, the program could be described by a rising curve, going up to a rate of spending of $65 billion a year, and then coming down to a level of $40 billion. What has been done is to take off the peak, go up a little more slowly, and then level off, so as to avoid the abrupt change of pressure.

From a military point of view, the new program, while it takes a calculated risk, gives us a little more time to perfect armament designs, to build our strength more surely and solidly.

From an economic point of view, it is good and wholesome to have the tension lessened, to have prices stop rising, to restore a buyer's market, to encourage saving.

The question I want to raise is whether, in the psychology of the country, this relief of tension may not be overdone almost as badly as we overdid the tension from June, 1950 when Korea started, up to a year ago. Then everybody started buying refrigerators, and television sets, and business increased its inventories, thinking prices were going up forever. Now people are saving, and thinking that perhaps we are over the hump.

From an analysis of the business situation, the best evidence is that the volume of business in terms of total national product, and the total national income are likely to remain near their present heights, certainly through this calendar year, and that the demand for money will be about as great as it has been. The military program. even though it is rephased, will call for $5 to $10 billion of deficit financing in the second half of this calendar year.

Long-Term View

From a long-term point of view, the budget problem is still the crucial national problem. As long as the government is paying out more money than it takes in, there is still danger of the inflation being resumed. Whether it is resumed immediately or not, such an increase in the volume of money is steadily diluting the value of the dollar.

Also, taxes are too high. We cannot tolerate taxes this high over a long period without impairing initiative. From the point of view of economic policy, the budget should still be the focus of attention. It ought to be reduced, partly because it is an inflationary threat, and partly because taxes are too high. A huge budget deficit at this time of record economic activity, of swollen national income, and practically full employment is hard to excuse. Survey after survey has revealed shocking waste and extravagance in federal spending.

At the moment, in the Congress there is under way an extraordinarily interesting struggle to decide whether the spending can and should be reduced. The Congress is showing more energy in tackling the budget than it has for a long time, and in addition to cutting specific items, is devising new methods of budget control.

The first of these is the proposal advanced by Congressman Coudert, Senator Johnson, and several others. It has been generally misunderstood. It has been said that the Coudert bill is an indiscriminate method of cutting without selecting where you cut. That isn't so. The Smith-Coudert amendment to the present military bill, for example, provides that no matter what the appropriations are, the Department of Defense must spend not more than $46 billion in the fiscal year '52-'53, instead of $48.5 billion, which was the estimate in the President's budget message. In other words, it cuts back the actual spending $2½ billion without necessarily cutting appropriations.

So that throws it back on the Department of Defense to decide what things can be postponed and cut down. That is not indiscriminate. That is putting the responsibility on the Department which should be in the best position to make the choice.

That is a new way of approaching this whole problem. The Congress is pretty nearly helpless when they sit down with the budget, as large as a mail order catalog, and try to say yes or no to every item. But they are well within their province when, on the general evidence that comes to them, they throw the whole budget or part of the budget back and say, "You can't spend as much. You have got to keep your spending within a given figure." The method offers hope that the Congress might in part at least regain its constitutional power of the purse, which it has almost lost.

Another new method before the Congress is the organization of a joint appropriation committee of House and Senate which would have an adequate staff. The Congress is now examining the budget without adequate staff assistance. Under these conditions, the budget becomes dictatorship by neglect, because the budget is so largely an administrative and executive matter beyond the control of Congress.

These two methods are being examined. I think they ought to be supported.

Now, the other most vital phase of the struggle to preserve the value of the dollar is the monetary phase. We have reason to be encouraged about the monetary approach to these problems. The results of the Patman hearings provided the best and the greatest support for the Federal Reserve System from bankers, from economists, and from people in public life that the System has ever had, and greater understanding of its function.

It is also fair to say that the present membership of the Reserve Board is as strong as the Board has ever had.

But I want to suggest that the question of monetary policy and Treasury policy is now back at almost as critical a stage as it was a year ago before the "accord" was reached. The problem is whether the Federal Reserve and the Treasury now are going to follow sound debt-management policies in the face of political pressures from both "uptown" and "downtown" in Washington, and from the country as well.

This question focuses right now on the problem of how the deficit is financed. The Treasury ought to distribute its debt into the hands of non-banking investors. Here is a tremendous deficit that has to be financed this year, no matter how good a job is done on the budget. The recent change in the terms of Savings Bonds to make them more attractive, is a step in the right direction. A further necessary step is to sell a long-term marketable bond at the going rate for money, and so distribute the new debt outside the banks.

I want to repeat, let's not think we are over the hill. Let's not think the tension is all over. Stalin is still in Russia, and very likely to make trouble. If it isn't Korea, it will be somewhere else, and we cannot relax; we must be strong, with a strength which will discourage aggression and preserve peace. Behind our military strength must be economic strength. For this is a long-term struggle in which we are engaged. We have not yet passed over the brow of this hill.

*An address by Mr. Burgess at the banquet session of the 32nd Annual Conference of the National Association of Mutual Savings Banks, Boston, Mass., May 16, 1952.

Business and the Defense Program

By HON. JOHN W. SNYDER*
Secretary of the Treasury

Secretary Snyder lists as aims of defense production program: (1) military equipment for armed forces and our allies; (2) additional production lines beyond those presently needed; (3) greater resources for basic materials, and (4) maintenance of an increasingly sound and productive civilian economy. Says current downward trends in business represent "no more than necessary economic readjustment," and predicts a plateau in military outlays. Says growing civilian economy will take up slack when military outlays decline.

Our defense production program is organized with four principal aims: (1) To produce military equipment for our forces in Korea and at home, for aid to our allies, and for reserve stocks; (2) to provide additional production lines beyond those needed for current military production, to be available in case of full-scale war; (3) to develop further our resources for basic materials, and (4) at the same time, to maintain an increasingly sound and productive civilian economy.

John W. Snyder

If we are to succeed in our goal of building up a solid defense against Communist aggression, we must guard carefully against serious weaknesses that might jeopardize our economic future. Our capacity for producing civilian goods should be utilized as fully as possible, consistent with needs of the defense program. Only in this way can we maintain the highest amount of personal and business income and maintain a resilient civilian economy for any possible future war emergency.

After the outbreak of hostilities in Korea, rising prices stimulated buying by both consumers and business, finally bringing on overstocking in many lines. Early last year, the general buying wave was brought to a halt, but it left many business problems in its wake. Civilian production was cut back to adjust to demand, and for more than a year retailers have been reducing their surplus inventories, while consumers have been using up their accumulated supplies. Fortunately, the defense program served as an effective stabilizing factor during this period, and the net result has been a general levelling out of production and prices over most of the past 12 months.

There has been some feeling of concern recently over several factors in the current situation. Inventories, particularly those of manufacturers, are still fairly high. Commodity prices in general have shown a declining tendency in recent months, after steadying during the latter half of 1951, and consumer demand in some lines recently has been disappointing to retailers.

These factors, in my opinion, represent no more than necessary economic readjustment. Substantial corrections have already been made. Retailers and wholesalers have gone far toward liquidating their excessive stocks of goods. Inventories of retail stores at the end of March were 14% lower than at the peak last May. The production of various consumer goods has been sharply curtailed. But, in the meantime, consumer incomes have been maintained near peak levels. Personal incomes after taxes, in the last six months, were at a record level.

Because of the increase in savings, there is a tremendous volume of liquid assets now in the hands of individuals. This drives home the fact that reluctance on the part of buyers to increase their purchases is not primarily due to a lack of money. Their recent hesitancy reflects a determination on the part of consumers to get their money's worth, fortified temporarily by the supply of goods previously purchased. The fact that consumers' purchases in relation to their income have been below normal is one of the strong factors in the outlook for the future.

The defense program, as now scheduled, contemplates a rising trend of expenditures through the present calendar year. The program will reach a plateau at the beginning of 1953 that may be expected to be maintained through 1953 and 1954. In recent months, while defense production has been expanding, a growing improvement in supplies of many industrial materials has made possible a relaxation of controls on the use of these materials in civilian goods. There has also been a relaxation of the Voluntary Credit Control program and of the Regulation W restraints on consumer credit. These restrictions had been a factor in holding down civilian demand throughout 1951, and their easing should aid civilian demand in 1952.

Looking further ahead to a time when the need for heavy defense expenditures will begin to decline, strong supporting factors in the civilian economy will help take up the slack. New strengthening influences are continually appearing in the American economy, and in no era is this more true than in the present period of invention and discovery. Our resources and production techniques stimulate a steadily expanding economy as does our rapid growth in population. At the present time, more than 10,000,000 million people are being added to our domestic market every four years. They require new homes, new consumer goods, new industrial capacity, schools, municipal development, new and better highways and transportation facilities.

To achieve the fullest results from this economic expansion, and to maintain national prosperity, we need to be continually on the alert. We need to safeguard the health and soundness of the economy by such means as adherence to sound revenue and expenditure programs, continuing attention to greater efficiency and lower costs in governmental operations, and the maintenance of debt management policies which act to counter any pronounced inflationary or deflationary pressures.

By giving support to such safeguards, all of us can contribute toward maintaining and expanding our economy, our enterprise system and the great heritage passed down to us from the Williamsburg of early days. By personal willingness to protect that heritage, successive generations of Americans have developed this country into the strongest nation of the world, with the highest standard of well-being for its people.

We have become a powerful nation because we have recognized that a country can be strong only when its individual citizens are free to work together to preserve their personal liberties and their national freedom. In this spirit, Americans of succeeding generations have built the dynamic force of American democracy. The power of America is the power of its people working together towards a common objective.

*Part of an address delivered for Secretary Snyder by Asst. Secy. Andrew N. Overby before the Aircraft Industries Assn., Williamsburg, Va., May [illegible].

Old Russian Customs

"During the last year it has been evident that the policy of Russia toward foreigners and their entrance into the empire was becoming more and more stringent.

"I heard of several Americans last summer who were unable to procure visas. . . . This arises mainly from political considerations and a fear of foreign influence upon the popular mind. To this it may be added that there is a strong anti-foreign party in Russia whose policy would exclude all foreigners except for mere purposes of transient commerce."

* * *

"The position of a minister here is far from being pleasant. The opinion prevails that no communication, at least of a public nature, is safe in the post office but is opened and inspected as a matter of course. . . . The opinion also prevails that ministers are constantly subjected to a system of espionage and that even their servants are made to disclose what passed in their households, their conversations, associations, etc."

* * *

"Secrecy and mystery characterize everything. Nothing is made public that is worth knowing."

"A strange superstition prevails among the Russians that they are destined to conquer the world. Appeals to the soldiery founded on this idea of fatality and its glorious reward are seldom made in vain. To a feeling of this sort has been attributed that remarkable patience and endurance which distinguish the Russian soldier in the midst of the greatest privations."—Extracts from the dispatches of the U. S. Minister to Czarist Russia in 1851-1852, as quoted in the New York "Times."

Evidently, queer Russian behavior antedates Lenin and Stalin!

Continued from page 2

The Security I Like Best

used in the manufacture of Kotex, Kleenex, Fibs, Delsey and Cellucotton to the specifications of International Cellucotton Products Company (with which Kimberly has a long-term contract) and industrial wadding products primarily "Kimpak" for packing and filtering, "Kimsul" for insulation and "Sanek" folded tissue strips used in barber and beauty shops.

In addition the company is engaged in the newsprint business through its joint ownership with the New York "Times" of Spruce Falls Power and Paper Company, Ltd. and a 38% ownership in Coosa River Newsprint Company. It purchases some of its pulp requirements from these two companies to supplement its own output. Income from the newsprint properties is included in the consolidated earnings statement only to the extent of dividends received and thus represent "hidden earnings" for the company.

Growth trends for the company's principal products are shown in the following table on a per capita basis:

PER CAPITA GROWTH IN SALES

Year	White Paper Sales Pounds Per Capita	Cellulose Wadding Sales Pounds Per Capita
*1951	3.49	2.21
1950	3.31	2.23
1949	2.90	2.03
1948	3.19	1.97
1947	2.85	1.60
1946	2.64	1.41
1945	2.53	1.33
1944	2.36	1.20
1943	2.52	1.20
1942	2.50	1.15
1941	2.68	1.02
1940	2.25	0.84
1939	2.29	0.77

*For 1951 fiscal year ended April 30th.

As can be seen the growth trends are quite strong for both of the principal product groups. White paper sales showed an increase of more than 50% on a per capita basis between 1939 and 1951. In this same 12-year period, cellulose wadding sales increased 200%. The gain in cellulose wadding is more important because of the higher dollar value per ton which makes the products in this group relatively more important profitwise.

In response to these growth trends the company has had two expansion programs in the postwar period. The first program extending from 1945 to 1949 involved a total of more than $67 million and made the company more self-sufficient in pulp as well as increasing the capacity for production of white paper 32% and cellulose wadding 68%.

Pulp production was expanded 57%, the principal unit being the completely new operation of the Long Lac Pulp and Paper Company at Terrace Bay, Ontario, Can. This expansion program included also the company's participation in the Coosa River Newsprint Company from which it receives additional pulp.

The second postwar expansion program estimated to cost $20.6 million includes primarily facilities to increase cellulose wadding capacity another 34%, but involves some modernization work on white paper production facilities. The program for additional capacity will be largely completed this summer.

Earnings have already begun to show the effects of these growing markets and increased capacity. Results for the year ended April 30, 1951 were the equivalent of $5.65 per share based upon the 2,044,951 shares of common now outstanding. In the nine months ending January 1952, earnings were $4.17 per share as compared with $4.11 on a comparable basis for the previous year.

There has been some reduction in demand for cellulose wadding products in recent months as the company has caught up with demands for the first time in the postwar period. However, the reduction in sales has been moderate, reflecting some reduction in inventories of distributors and users, and results for the fiscal year ended April 30, 1952 are estimated at better than $5.25 per share.

An important point with regard to this stock is the build-up of cash from retained earnings and from accelerated depreciation on Canadian properties. This return flow of funds into the company should permit a more liberal payout in dividends. In the past year the payment of $2.40 out of earnings estimated at $5.25 represented a payout of about 45%. This payout can increase somewhat if, as expected, earnings stabilize at present levels.

At its present price of 45 the stock is selling near the mid-point of its range of 51-40 for the past two years when the postwar earning power had been developed. It sells at about 8½ times estimated earnings as reported (but not including equity in earnings of unconsolidated subsidiaries, principally Spruce Falls Power and Paper Company). The yield on the current dividend of $2.40 is 5.3%.

To summarize my reasons for selection of Kimberly Clark common as my favorite stock (1) it has a degree of stability in its operations that seems required at this time; (2) it has strong growth trends for its principal products; (3) a favorable level of earnings has been developed from its expanding operations, and (4) the cash flow to the company is such as to permit a more liberal dividend policy.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Willis H. Harvey has become associated with Mutual Fund Associates, 127 Montgomery Street.

Joins E. F. Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

Chicago, Ill.—Marvin J. Wolfson is now with E. F. Hutton & Company, Board of Trade Building.

Chas. A. Day Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Eugene C. Shea has become affiliated with Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

Materials Availability And Conservation

By WILLIAM Y. WEBB*
Conservation Division, Munitions Board, Dep't of Defense

Munitions Board expert discusses short-term and long-term availability of strategic metals, and indicates what metals may be in short supply over long range periods. Reveals extent to which plastics might be substituted for certain uses of metals now in short supply, and advocates a conservation program in behalf of national security.

As you may have read in trade journals and newspapers, or in DPA's "List of Basic Materials and Alternates," nickel is in very short supply and may remain so well into 1954. Copper is also tight and little significant easing is expected before 1953. An easy supply of aluminum is hoped for by 1954. Magnesium is also in short supply, but may be available in greater quantities during 1953. Lead and zinc are easing and considerable improvement is expected before 1953. Steel appears to be improving in supply and its outlook is much brighter than that of the other metals discussed here.

William Y. Webb

So much for the short-term outlook. With only 7% of the world's population the United States performs 40% of the world's work, uses 70% of the world's crude petroleum, and uses 50% of the world's minerals![1] Does this country have sufficient minerals resources to maintain its current dominant position in the world economy?

In 1950 the United States imported the following percentages of its total supply: nickel, 91; bauxite, 65; zinc, 38; lead, 37; copper, 32; aluminum, 16; and iron ore, 7! In these and other basic materials the United States is far from being self-sufficient! What is the long-range outlook for aluminum, copper, iron, lead, magnesium, nickel, and zinc?

There may be several ways of indicating the long-range availability of the ore reserves of these seven metals, but only three are considered here: (1) Availability on the basis of their percentage composition in the earth's crust; (2) Life of the estimated ore reserves in the United States; (3) Life of estimated world ore reserves.

Analysis of the Earth's Crust

(1) In terms of percentage content in the earth's crust, the seven metals considered rank as follows with respect to themselves:[2] aluminum is most abundant, followed by iron, magnesium, nickel, copper, zinc, and lead in that order. This method of classification has little practical application because it ignores such important factors as tenor of ore, depth, accessibility, cost, and technology.

Life of United States Ore Reserves

(2) If production of these metals in future years should continue at the 1950 rate, the estimated life of proven and inferred ore reserves would be: for magnesium, millions of years;[3] nickel, 604; aluminum, 47; iron ore, 64; copper, 27; zinc, 24, and lead, 8 years. The figure on nickel is especially misleading because of the very low production of 900 tons in 1950. A clearer picture of relative availability is afforded by dividing estimated reserves by domestic consumption in 1950—magnesium would last millions of years,[3] iron ore, 59 years; aluminum, copper, and zinc, 16 years each; nickel, 5 years; and lead, only 3 years! While these estimates are conservative undoubtedly it is fortunate that ores and metals from foreign sources are available for domestic requirements that cannot be met adequately from domestic production.

Life of World Ore Reserves

While estimates of world ore reserves are undoubtedly less reliable than estimates of ore reserves within the United States, world reserves at the end of 1951, when divided by world metal production at the 1950 rate, give an indicated life of millions of years for magnesium,[2] 255 years for aluminum, 100 years for iron ore, 37 for copper, 30 for nickel, 19 for zinc, and 12 years for lead! Should the estimated reserves and their life be doubled or tripled, something to be hoped for, the relative availability would remain probably about the same as indicated above.

These minimum estimates indicate that there are definite limits to the life of these ore reserves, except for magnesium, in the United States and abroad, and that greater efforts at conservation of metal are required to prolong the life of these ore reserves, as well as partially offset the cost of mine production, which will increase as the quantity and tenor of the ores decline. Down-grading of specifications, efficient use and salvage and better recovery of metals are means of effecting conservation. The use of substitute materials, such as wood, ceramics, and plastics, in which you are most interested, is also a good conservation practice.

It is understood that about 14,000,000 pounds of polyester resins were produced during 1951, and that some 7,000,000 pounds of fibrous glass were sold for reinforcing those plastics. Polyester capacity, however, is said to have been about 24,000,000 pounds at the end of that year. This capacity of 12,000 tons is small in comparison with the production of metals except for magnesium, but the plastics industry is a young one, and has considerable room for future growth. Styrene and benzene supply for polyesters will be limiting factors in any extensive short-term expansion of this segment of the plastics industry, but the reserves of raw materials for fibrous glass—chiefly glass sand, borax, clay and limestone — are large. It is understood that the time required to set up a new fibrous glass plant—about six or seven months—and a new polyester resin plant is much less than required to construct a new metal refinery. This time differential is a favorable factor in connection with any rapid expansion due to an emergency.

At a price of $.40 to $.50 per pound for polyester resins and about $.40 for fibrous glass, the reinforced plastic material would be at a distinct price disadvantage were it not for its lighter weight, greater strength, and greater future availability. It is understood that weight for weight such reinforced plastics are stronger than and other known material. This factor, and other properties, such as corrosion-resistance, ease of forming, and availability, make it a valuable material for many applications.

It seems obvious that such plastics cannot replace brass or steel in cartridge cases, aluminum or copper as a conductor of electricity, or nickel in high alloy steel in jet engines, or in other specialized requirements where the thinness of the material or the temperatures involved, or other special requirements, may exceed those attainable with reinforced plastics. It should be equally apparent, however, that there are many civilian-type items such as motorhousings, parts of automobile and truck bodies, furniture, shipping containers, luggage, boats, fans and blower blades, possibly even propellers, which might be constructed from reinforced plastics, and which would be equally satisfactory for military purposes. Many of the current military uses of such plastics have been discussed in papers presented at previous meetings. You may have read, or heard here, of the reinforced plastic pipe which was successfully used aboard a destroyer escort and which will be tried experimentally in some Navy minesweepers. Such reinforced plastics may prove to be a satisfactory and economical substitute for stainless steel, nickel, copper, or aluminum in pipe and other applications.

This paper has not attempted to tell you what products to make out of reinforced plastics—you are better qualified to determine that. It has tried to do three things: 1. To indicate the metals that may be in shortest supply over a long-range period. 2. To compare estimates of their long-term availability. 3. To encourage you to use your initiative and judgment in furthering the conservation program, and the defense program, by developing satisfactory substitutes for the more critical metals discussed herein.

*Report presented by Mr. Webb at the Seventh Annual Meeting of the Reinforced Plastics Division of Society of the Plastics Industry, Inc., Chicago, Ill., April 10, 1952.

1 Elmer W. Pehrson, "Problems of United States Mineral Supply," in Annals of the American Academy of Political and Social Science (November 1951), page 167.

2 The rank of the most important metallic elements in the earth's crust is shown in Table I.

3 Magnesium reserves seem immense not because of ore reserves, but because of the estimate of 5,000,000 tons contained in a cubic mile of sea water. Dow Chemical Company, the major commercial producer, says, "the seas at our own shores can provide 100 million tons of magnesium per year for 1,000,000 years without significantly reducing the supply!" ("Metal Progress," July 1951, page 2.)

TABLE I

Percentage Content of Various Elements in the Earth's Crust, Including the Lithosphere and Hydrosphere

1. Silicon	27.720
2. Aluminum	8.130
3. Iron	5.010
4. Calcium	3.630
5. Sodium	2.850
6. Potassium	2.600
7. Magnesium	2.090
8. Titanium	0.630
9. Manganese	0.100
10. Barium	0.050
11. Chromium	0.037
12. Zirconium	0.026
13. Nickel	0.020
14. Vanadium	0.017
15. Cerium and Yttrium	0.015
16. Copper	0.010
17. Tungsten	0.005
18. Lithium	0.004
19. Zinc	0.004
20. Columbium and Tantalum	0.003
21. Hafnium	0.003
22. Lead	0.002
23. Cobalt	0.001
24. Boron	0.001
25. Beryllium	0.001
26. Molybdenum	0.0001
27. Arsenic	0.0001
28. Tin	0.0001
29. Mercury	0.00001
30. Silver	0.000001
31. Selenium	0.000001
32. Gold	*0.0000001

*This is equivalent to 24,500,000,000 tons of gold.
SOURCE: Erich W. Zimmermann's *World Resources and Industries*, p. 441. Harper and Brothers, New York, 1951.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. and associates yesterday (May 21) offered $1,500,000 principal amount of Central Vermont Public Service Corp. first mortgage 3⅜% bonds, series H, due May 1, 1982, at 101.997% and accrued interest. The group won the award of the issue at competitive sale on Monday on a bid of 101.437%.

Proceeds from the sale, together with other funds, will be applied by the company to construction expenditures, including the reduction of short-term indebtedness. Present construction plans for the utility and its wholly-owned subsidiary, Connecticut Valley Electric Co. Inc., call for the expenditure during 1952 of approximately $2,685,000.

Central Vermont Public Service Corp. was incorporated in Vermont in 1929. The corporation and its subsidiary are electric utilities serving areas which, based on 1950 census figures, have a total population of about 193 000, representing approximately 42% of the population of Vermont and 7% of the population of New Hampshire. They serve about 54,380 customers in Bennington, Bradford, Brattleboro, Middlebury, Randolph, Rutland, Springfield, St. Johnsbury, Windsor and 115 other towns and villages in Vermont, and Claremont and 12 other communities in New Hampshire.

Sinking fund redemption prices for the new bonds range from 101.96% to 100% while general redemption prices range from 105% to 100%, plus accrued interest in both instances.

Blair, Rollins Adds Two to Staff

Blair, Rollins & Co. Inc., 44 Wall Street, New York City, announces that Frank Kennet has joined the firm as Manager of the firm's FHA Mortgage Department and that Charles H. Heppenstall has become associated with the corporate new business department.

With Revel Miller

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William H. Sinclair has become affiliated with Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

20th Anniversary for Scott, Horner & Mason

Edwin B. Horner Walter G. Mason

LYNCHBURG, Va.—Scott, Horner & Mason, Inc., Krise Building, celebrated the twentieth anniversary of its founding on May 1. The firm, which started with a capital of $500 dollars, has grown to major stature in the underwriting and distribution of municipal and corporation bonds and listed and unlisted securities.

A specialty of the firm has been the purchase of Virginia businesses, supplying management and capital and the making public, distribution of their securities. In other cases it has participated with other firms in capitalizations needed by Virginia firms.

Officers of Scott, Horner & Mason are Edwin B. Horner, President; Walter G. Mason and M. Carter Gunn, Vice - Presidents; Oscar B. Drinkard, Secretary and Treasurer; T. Claggett Jones, Assistant Treasurer, and James L. Carter, Assistant Secretary and Assistant Treasurer.

In addition to the Lynchburg office, the firm has representatives in Danville, Norfolk, Richmond and Roanoke, Va., Bluefield, W. Va., and Burlington, N. C.

Subscriptions Now For Bawl St. Journal

The lid will be blown off Wall Street when the Bond Club of New York's annual burlesque newspaper, "The Bawl Street Journal," comes off the press, according to reports circulating in the financial district. The 1952 edition will be unveiled at the Bond Club Field Day on June 6 and copies will be available for circulation in other cities throughout the country on the same date.

Walter H. Weed Jr. of Union Securities Corporation, the paper's circulation manager, announced that subscriptions are now being received for delivery on the day of publication. The paper will also be on sale in the financial district on the day of the outing.

This year's edition will not only feature the talents of amateur Wall Street humorists, but will also include the work of such professionals as Hi Phillips, Otis L. Guernsey Jr., Jimmy Hatlo, Dan Dowling, and Willard Mullin.

The Bawl Street Journal Publication Committee also revealed that the paper will expose such timely developments as "Truman In Trouble On the High Seize," "Bawl Street Traders Riot Behind Bars," and many others. One article will discuss the smuggling of "Wetbacks" from across the "border" in Brooklyn to act as Mutual Fund salesmen.

Central Republic Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Carl L. Lyse is now with Central Republic Co., Rand Tower.

With Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Arden A. Caudle has been added to the staff of Barrett Herrick & Co., Inc., 418 Locust Street.

London Fears Revival Of U. S. Tariff Wall

By PAUL EINZIG

Commenting on indicated revival in U. S. of trade protectionism policy, Dr. Einzig contends higher U. S. tariffs would deal fatal blow to efforts of Britain and Western Europe to bring their dollar gap within manageable proportions. Says immediate effect of rumors of higher U. S. tariffs has set back official efforts to restore Sterling convertibility.

LONDON, Eng.—The evidence of a revival of the protectionist trend in the U. S. A. is viewed in London with growing concern. The fact that the Truman Administration appears to be doing its best at present to resist the trend is reassuring to some extent, but there is a widespread fear that before very long pressure will be too strong and will overcome the official resistance. Apart from the ever-present possibility of raising tariffs in order to protect American industries demanding protection there is a possibility that even in the absence of any such actual increases, the "invisable tariffs" may be raised through a revival of the hostile interpretation of the rules by American Customs officials. During the last few years the United States Government made a praiseworthy effort to persuade these officials that it was not to the best interests of the United States to exclude foreign goods by means of a malevolent application of the law, because in doing so they would simply prevent the debtors of the United States from paying their debts. There is a real danger that under the pressure of public opinion these officials might now relapse into their old attitude. Should this happen or should tariff rates be raised it would deal a fatal blow to the efforts of Britain and Western Europe to bring their dollar gap within manageable proportions.

Dr. Paul Einzig

Even in the complete absence of any increase of the American tariff wall, visible or invisible, the task of increasing exports to the dollar area is extremely difficult. It has been uphill work during recent years, involving much effort and by no means inconsiderable initial expenditure. Should the United States Congress and Administration wipe out the hard-earned fruits of these efforts with a stroke of the pen it would utterly discourage most exporters in Britain and other European countries from making a bid for the American market. In any case, trade with the United States is widely regarded as a reckless gamble owing to the instability of American demand. The very moderate trade recession in 1949 resulted in a sharp decline in American buying of British goods, and it is easy to imagine on the basis of that experience what would happen if there should be a major trade depression. Firms which have come to depend on the American market for the disposal of a large proportion of their output are having an anxious time in view of the indications of an impending setback in American trade. They would find it very difficult to secure alternative markets for their goods.

The British Government has every reason for sharing the anxiety of British exporters to the United States. Although Mr. Butler's measures have succeeded in checking the dollar drain any substantial decline of exports to the dollar area would reopen the gap without any hope of any immediate remedy. To the risk of a decline of the American demand through a trade recession in the United States there has now been added the threat of a revival of American Protectionism. This has accentuated the feeling of uncertainty and the conviction that it is a mistake either for individual exporters or for the government to depend too much on the American market.

The immediate effect of the evidence of a revival of the Protectionist trend across the Atlantic has been a setback in the official efforts to restore the convertibility of sterling. Under the influence of the improved gold position during April the influence of those favoring an early return to convertibility increased considerably, and there appeared to be a fair chance that they might have their way in the not-too-distant future. Until recently the possibility of a return to convertibility within a few months was therefore freely envisaged in usually well-informed circles. Fears of an increase of the American tariff war produced, however, a discouraging effect and there is reason to believe that the government is now inclined to proceed with more caution in the matter of convertibility. It would be indeed reckless gambling to plunge into convertibility without any satisfactory assurance that the American market would remain open for British goods at least to the same extent as it is open now. In any event, a return to convertibility at the present stage would entail grave risks. With the possibility of an increase of the U. S. customs tariff, however, the dice would be loaded heavily against Britain. No assurance of any value could of course be forthcoming until after the Presidential election in the United States.

When the possibility of an early return to convertibility was envisaged recently it was on the assumption that arrangements could be concluded to ensure substantial dollar facilities from the International Monetary Fund or from other sources to enable Britain to face the initial drain that would follow the change. In the changed circumstances even if such facilities were made available in sufficient amounts the British Government would be reluctant to restore convertibility at an early date. It would be a most unsatisfactory arrangement to depend on such facilities not merely for the purpose of meeting temporary initial pressure, but also for covering a perennial dollar deficit that would arise from the increase in the American tariff wall.

Any concrete evidence of a return of the United States to advanced Protectionism would inevitably provoke sharp reaction in Britain and Western Europe. The trend towards freer trade that has made progress in recent years largely under American influence would become reversed at once. European Governments would feel impelled to follow the American example rather than the American exhortations in favor of nondiscrimination and convertibility. To safeguard their dwindling dollar reserves they would have to resort to drastic discriminatory cuts in their imports of American goods. There would be revival of bilateralism and quantitative trade restrictions in addition to an increase of tariff walls. Faced with the danger of an exhaustion of their dollar reserves the European Governments would feel impelled to disregard any American pressure in favor of resisting such a trend.

The bilateralist school which has been lying low during the last few years would triumphantly claim that the revival of American Protectionism had vindicated their doctrines. They would argue with much convincing force that the only way in which American opinion could be taught of the need for importing European goods would be through an immediate curtailment of European imports of American goods as and when European exports to the United States fall. If a reduction of American imports of British textiles or tractors is followed immediately by a corresponding cut in British imports of Virginian tobacco or Hollywood films then the influence of tobacco growing and film producing interests might be able to counteract the influence of American tractor and textile producers clamoring for protection. So long as there is a widespread belief in the United States that it is possible to eat one's cake and keep it by curtailing imports from Britain without having to face a curtailment of exports to Britain there seems to be little hope for an effective resistance to protectionist pressure.

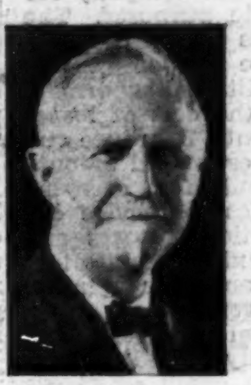
There is, of course, also the other argument that economic difficulties in Britain and in Western Europe are bound to be highly detrimental from the point of view of vital American interests, because they weaken the first line of defense of the United States and strengthen the chances of Communist penetration or conquest in Western Europe. Human nature being what it is it seems probable that a realization that American business interests claiming protection could only be satisfied by sacrificing other American business interests would meet with better response than any appeal based on vague and inadequately realized considerations of national security.

Importance of Savings

By ROGER W. BABSON

Asserting only through a program of natural, voluntary savings can America keep strong, Mr. Babson praises decision of American people to try old-fashioned remedy against inflation —thrift. Says small investor should know stocks are selling at high prices, and this may be a danger signal.

The man in the street has done as much this year to stop inflation and stabilize our currency as all the government regulations put together. I wonder if the average American realizes how much he has really helped to curb inflation through restraining his urge to spend and by voluntary saving? He has done a job that ought to make the front pages of every paper in the country. I say this because only through a program of natural, voluntary savings can America keep strong.



Roger W. Babson

Politicians Steal the Credit

You can be sure that in this election year the politicians will be taking the credit for what you have done. They will tell you that inflation has been slowed to a standstill by their price and wage controls, their heavy tax program, and their tightening of consumer credit. No one of us is going to be stupid enough to deny that an aspirin or a seltzer may help a headache. But unless we are very stupid indeed, we realize the aspirin is only a sedative, not a cure. A look at the record since the close of the war shows the politician to be a good hawker of patent cure-alls but a mightly poor diagnostician.

Sometimes, after awakening from an overdose of drugs, the hang-over which follows is worse than the pain one first endured. As a result, the American people have lost confidence in the politician's patent medicines and have decided to try an old-fashioned remedy — **Thrift.** This old-fashioned remedy is producing some phenomenal results. It has actually caused a halt in the inflation epidemic.

The Real Story About Savings

Through voluntary savings our people more than doubled their 1951 savings over 1950, putting better than $22 billion into the sock. At the same time, consumer debt held steady for 1951; only 34% of disposable income after taxes, and but 32% of savings. Yet, the same potential to spend was there.

More people are earning more money than in any previous postwar year; incomes are better for 25 million families. They could have gone on a spending spree, but they didn't. My guess is that they didn't because the average man has lost faith in the politician and his panaceas. He is wondering if he can keep afloat if prices go much higher. So he is beginning to put a little money aside for harder times. He is less and less inclined to mortgage his future for a TV set or a new car. People everywhere who have good wages ought to continue to save as much as they can while the going is good.

How Is the Money Being Saved?

Bank accounts and savings bonds are still the most popular places to save money. This last year the nation's 529 mutual savings banks reported an all-time high in new savings accounts, with 3 million more accounts. Despite this exceptionally good year for the banks, there is a trend away from the banks, and a trend away from buying U. S. Savings Bonds. The number of families that have become interested in mutual investment trusts and other stocks has trebled in the last couple of years, while the number who have put their savings into real estate has increased about 80%.

I hope that small investors who are now buying stocks for the first time will not be disappointed. The high prices at which most poular stocks are now selling are danger signals. The small saver, especially, should know that at only one point in history (1929-30) were stocks selling higher than they are today and he should remember well what happened then!

It's Time to Be Careful

I am not predicting a stock market crash. I am merely warning that the risk factor of buying stocks increases as the prices of stocks advance. This risk is further accentuated by unstable world conditions and the uncertainties of an election year. It, therefore, might be wise to take profits and put them into savings banks and government bonds. This would enable you to set aside a nest egg now so that it will be ready for use when prices drop. Whatever you do, save. The great need for strengthening our national economy today — and for keeping it strong for years to come — is voluntarily enforced savings. Join the parade of savers, today—even though the political outlook appears better.

Aluminum Co. of Can. Sells $3\frac{7}{8}$% Debentures

Aluminum Co. of Canada, Ltd., subsidiary of Aluminium Ltd., and principal unit of the 48-company Aluminium Ltd., group, financed part of its substantial expansion operations through the public offering in this country yesterday (May 21) of $90,000,000 of $3\frac{7}{8}$% sinking fund debentures, due May 1, 1970. The debentures were priced at 101.50 plus accrued interest from May 1, 1952, U. S. dollars, and are guaranteed unconditionally as to payment of principal and interest by Aluminium Ltd. The First Boston Corp. heads a nationwide group of 153 investment banking firms which is marketing the issue.

Beginning on Nov. 1, 1954, and on any May 1 or Nov. 1 thereafter prior to maturity, the debentures are redeemable for the sinking fund initially at 101.38 and accrued interest. The company may also redeem in each of the years 1954 to 1959, $5,000,000 of debentures at the applicable sinking fund redemption price plus $1\frac{1}{2}$% of the principal amount plus accrued interest. General redemption prices range from 105% in the 12 months beginning May 1, 1952, to par on and after May 1, 1969.

The company in 1951 undertook a general expansion of its power, smelting and related facilities to permit the full utilization of the existing aluminum smelting capacity in Quebec and to develop a new hydro-electric power site and primary aluminum facilities in British Columbia, approximately 400 miles northwest of Vancouver. The present program is expected to be completed in 1954 at a cost now estimated to be $350,000,000 of which $128,000,000 was expended to Feb. 29, 1952.

In order to finance the program and to provide additional working capital for its expanded operations, the company has previously issued $50,000,000 of its $3\frac{1}{2}$% sinking fund debentures due 1971; borrowed $25,000,000 from the British Government, obtained a commitment from the British Government for additional advances of $40,000,000 and raised $30,000,000 from the sale of additional common shares to Aluminium Ltd.

Proceeds of the new debentures being offered will be used for the same purposes. It is expected that the remaining funds required for the program will be derived from retained earnings and provision for depreciation, depletion, and amortization, including depreciation in respect of facilities under construction and accelerated depreciation.

With Harris, Upham

BOSTON, Mass. — James M. Stafford is with Harris, Upham & Co., 136 Federal Street.

Securities Salesman's Corner

By JOHN DUTTON

Some of you who read the New York papers are familiar with the advertising of Dreyfus & Co., 50 Broadway, New York City, members of the New York Stock Exchange and other Exchanges. Previous to their entry into the use of cartoon and friendly style copy in their advertising, they had only used the regular and traditional type of investment advertising, that has been the mainstay of most brokers and dealers. In October, 1950, they embarked upon a consistent advertising program, exclusively in newspapers. Jack Dreyfus, senior partner, believes that this type of advertising has done much to increase the firm's business. He says that since they have inaugurated this campaign that the average sales of their customer's brokers have been 20% higher than in the previous year.

The Bureau of Advertising of the American Newspaper Publishers Association, Retail Division, has sent 1,000 daily newspapers a bulletin pertaining to the Dreyfus ads, also some reproductions of the campaign itself. The actual size of the ads are 4½x6 inches. Following is an actual advertisement, and you can see how important subjects of interest to investors is handled. The illustrations used in this series were obtained from a standard mat service and are not authorized for reproduction.

Why Not Plain Talk?

When you stop to think things through don't you sometimes wish that you could sit down with the people you do business with and have a heart-to-heart talk with them about some of the plain common sense principles of investment? Haven't you often wished that people would understand more of the fundamental principles of successful procedure, which are a "must" in this business if you are to do a good job for them? Haven't you often said to yourself, "I'd like to put some of these people on the right track if I only could. But maybe they will think I am trying to talk down to them. Or some of them will resent my suggestions—or possibly misconstrue my motives?"

An advertisement can be impersonal. A bit of humor and a few well chosen sentences can do more to carry your message than a two-hour lecture. If the ideas you convey are sound—if they appeal to the common sense of your readers—if they dwell upon the welfare of the investor—if they invite confidence because of what you say, as well as the way you say it—then the results should be rewarding over a period of time.

I have never been able to understand why financial advertising has to be as dry and as dull as a tomb. I don't believe that financial advertising has even begun to get near to the public's purse strings or its heart strings. I don't believe that any one cares about technical verbiage, stereotyped announcements, or gives a hoot about the "prospectus" after they send for it. If I was the average fellow who had a few dollars to invest, I wouldn't know where to go with my money, providing I had to make a decision based upon the advertising of most of the security dealers and brokers that I see in the papers today. What I would like to read if I was Mr. Average Joe with a few thousand that was burning my pockets, would be advertising like the Dreyfus people have been placing in the newspapers. I would want to feel that I could take my little nest-egg, and its attendant problems, into such a firm and feel at home there. I would like to know that my broker knew the pitfalls as well as the opportunities, and that he would try at least to steer me on the right course.

In your town there are people who would like to read some advertisements along these lines. They would like to learn a few things and chuckle a bit too while they are doing it. Some day, at long last, the investment industry may take off the high starched collars even in their advertising. Why not try it—they say it will prove profitable if you do it well and keep at it.

Hirsch & Co. Offers Supermarket Shares

Hirsch & Co. heads an underwriting group which yesterday (May 21) offered 125,000 shares of $1 par value common stock of Daitch Crystal Dairies, Inc. at a price of $7.25 per share.

Proceeds of the offering will be available to the company for general corporate purposes. The company expects to use the proceeds to pay the cost of opening or acquiring additional supermarkets, including the cost of leasehold improvements, furniture and fixtures in the estimated amount of $500,000; and for carrying larger inventories to service existing and additional stores and for converting existing units into supermarkets, and for general corporate purposes.

Daitch Crystal Dairies, Inc., through its wholly owned subsidiaries, operates a chain of 35 supermarkets and dairy stores in Manhattan, Bronx and Queens, a dairy and cold storage warehouse and a grocery warehouse in the Bronx, and three milk receiving and processing plants in upstate New York. The company also services and supplies 13 additional stores not owned by it but licensed to use the name "Daitch Dairy." Items principally merchandised are milk, milk products, butter, eggs, cheese, frozen foods and groceries.

Net sales of the company (excluding sales between companies) for 1951 totalled $14,098,350 compared with $12,149,249 for 1950. The company estimates that on the basis of dollar costs at wholesale level dairy products and eggs accounted for 53% of total sales, groceries accounted for 40% and frozen foods, appetizing foods, fresh fruits and vegetables and miscellaneous items accounted for 7%.

Morris E. Knight Joins Herbert E. Sims Co.

Morris E. Knight, formerly of Sholten, Knight & Co., Investment Counselors, has become associated with Herbert J. Sims & Company, Inc., 52 Wall Street, New York City, to head their Institutional Investment & Research Department.

Market Judgment Should Not Be Ignored on Treasury Financing

"Our Federal debt is now large and growing. Therefore, it is a matter of great importance that we minimize its monetization. The Treasury and Federal Reserve must work hand in hand to see that we have an active and orderly Government securities market. The Federal Reserve must do everything in its power to see that the Treasury is successfully financed but neither the Treasury nor the Federal Reserve should succumb to the temptation to ignore the judgments of the market through our price mechanism in arriving at financial decisions.

W. McC. Martin, Jr.

"Inflation can be even more serious to the growth and development of our country than an enemy from without our borders. It penalizes the thrifty and industrious and produces disorders that result in controls and regimentation. It is possible that a group of supermen could make decisions in a sounder way than the market, but such supermen are not likely to be found. Accordingly, the greatest measure of freedom and initiative will be obtained by relying on the changes in price arrived at in an orderly market rather than in attempting to dictate terms. This is the heart of our problem, and it will require the vigilance of all of us to preserve our liberty."—**Wm. McC. Martin, Jr., Chairman of Board of Governors of the Federal Reserve System, thus spoke in addressing the 18th Annual Convention of the Independent Bankers Association, Minneapolis, Minn., May 19, 1952.**

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The National City Bank of New York announced on May 19 the occupation by its Paris branch of new, enlarged offices at 60 Avenue des Champs Elysees. For the past 30 years, except for the interruption caused by World War II, the National City organization had an office in Paris, the bank's services having formerly been available at 52 Avenue des Champs Elysees.

* * *

The National Music League is the sponsor of an exhibit presently on view in the 15 Rockefeller Center windows of **Colonial Trust Company at Avenue of the Americas and 48th Street, New York.** Timed to coincide with a feature article about the League in the current issue of "Saturday Evening Post," the display presents a graphic picture of the role played by the League in selecting and promoting the careers of talented and aspiring concert musicians.

* * *

In our reference a week ago (page 2049) to the **Lincoln Savings Bank** "of New York," the location of the bank should have been designated as **Brooklyn,** New York.

* * *

At the annual business meeting of the Apollo Club of Brooklyn, N. Y. on May 20, Thomas Blake, Jr. and Raymond H. Fiero were elected to the Board of Directors, it is announced by Alfred A. Koester, President of the club. Mr. Blake, Purchasing Officer of **The Dime Savings Bank of Brooklyn,** has been active in Brooklyn civic, charitable and cultural activities for many years. Mr. Fiero has been a member of Apollo for many years. Other directors of the 75-year old singing organization were renominated at the meeting. The following officers were also reelected: President, Alfred A. Koester; Vice-Presidents, Arthur G. Dun and George E. Kirby; Secretary and Treasurer, Harry E. Knight.

* * *

A consolidation of the **Bank of Farmingdale, at Farmingdale, N. Y.,** with the **Franklin National Bank of Franklin Square, N. Y.,** was effected as of May 9 under the charter and title of the latter. The Farmingdale Bank had a capital of $186,000, while the Franklin National had a capital of $2,870,000; at the effective date of the consolidation the capital of the Franklin was announced as $3,025,000, divided into 302,500 shares of common stock, par $10 each; surplus of $3,335,000 and undivided profits of not less than $440,000. The Farmingdale office of the Bank of Farmingdale is operated as the Farmingdale office of the Franklin National Bank.

* * *

Following a reduction of $10,000 in its capital on May 12, making it $100,000 instead of $110,000, the **Baldwin National Bank & Trust Co. of Baldwin, N. Y.,** acted at the same time to bring the capital up to $260,000 by the sale of $160,000 of stock.

* * *

The Fidelity-Philadelphia Trust Company of Philadelphia announces the opening of a Rittenhouse Square office at 18th and Walnut Streets. This is the second new Fidelity office opened this year, and is the only banking of-

fice, it is announced, on Rittenhouse Square.

* * *

The Carnegie National Bank, of Carnegie, Pa., with common capital stock of $300,000, was placed in voluntary liquidation on April 18, having been absorbed by the **Mellon National Bank & Trust Company of Pittsburgh.**

* * *

The election of Russell E. Fichman as Vice-President of the **Central National Bank of Cleveland, Ohio,** in charge of commercial business development, was noted in the May 8 issue of the Chicago issue of the "Wall Street Journal," which added that Bruce H. Whidden has become Vice-President of trust development work of the bank, and Forde U. Steele, Assistant Vice-President of commercial business development. Jack J. Luttner, Assistant Cashier, was named officer in charge of the methods planning division.

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In the **National City Bank of Cleveland,** it is stated, Richard Randall has been promoted from Assistant Vice-President to Vice-President in the trust department.

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Charles Arthur Hemminger, Director of Public Relations of the **American National Bank and Trust Company, Chicago,** has been named director of advertising and public relations for **First National Bank in St. Louis, Mo.** according to an announcement made on May 19 by President William A. McDonnell of First National Bank. Mr. Hemminger will succeed the late William M. Sherrill in the First National Bank post. Mr. McDonnell stated that Mr. Hemminger would take over his duties early next month. Mr. Hemminger obtained a B.S. degree from the University of Illinois School of Journalism in 1930. He graduated from the Rutgers University School of Banking in 1946 and attended the Graduate School of New York University from 1944 to 1946. Prior to accepting his position with the American National of Chicago in 1946 Mr. Hemminger served as advertising manager of the Bankers Trust Company in New York, as Director of the News Bureau, New York State Bankers Association, etc. He has likewise lectured before the Bankers School of Public Relations, Missouri University; the Bank Management Conference, South Dakota Bankers Association, the Bankers School of Public Relations, New York State Bankers Association at Syracuse University. He served as President of the Chicago Financial Advertisers, as a director of the Chicago Federated Advertising Clubs, as Chairman of the Committee on Public Relations, Illinois Bankers Association and as Treasurer and Director of the Public Relations Society of America.

* * *

An addition of $100,000 has been made to the capital of the **Peoples National Bank of Greenville, S. C.,** as a result of the sale of new stock, the capital thereby having been increased from $300,000 to $400,000 as of May 8.

* * *

W. D. Gentry, First Vice-President of the **Federal Reserve Bank of Dallas, Texas,** announces the election of Harry A. Shuford to the position of Vice-President and General Counsel of the bank and the election of G. R. Murff to the position of General Auditor.

* * *

The Pacific National Bank of San Francisco, which on March 27 increased its capital from $600,000 to $1,000,000 by a stock dividend of $400,000 (as indicated in these columns April 17, page 1621), has added an additional $100,000 to its capital by the sale of new stock, raising it to $1,100,000, effective May 12.

The final phase in the program for the enlargement and modernization of the Capital office of the **Anglo California National Bank** at Seventh and J Streets in **Sacramento,** has been completed, Allard A. Calkins, Chairman of the Board, announced on May 12. The first phase was completed in February, when the bank opened a modern fireproof addition, containing two stories, mezzanine and basement, immediately adjoining the seven-story main building. The second and final phase has ended with the completion of major alterations in the main building. The enlarged office occupies approximately 40,000 square feet of floor space. The Capital office is one of three Anglo Bank offices in Sacramento, 28 other offices are located in cities in the San Francisco Bay area, Sacramento and San Joaquin Valleys.

* * *

The First National Bank in San Leandro, Cal., has enlarged its capital as of April 21 from $170,000 to $230,000, the increase having been brought about by a stock dividend of $30,000 and the sale of $30,000 of new stock.

Bond Club of N. Y. Makes Offering

The Bond Club Stock Exchange, which opens for trading once a year at the club's annual Field Day, has yielded to inflationary pressures and increased its 1952 offering to 2,500 shares, according to the red herring prospectus which was distributed to members yesterday. The shares, however, are priced at last year's bargain rate of $10 each.

The "unofficial" prospectus promises a 100% payout, with dividends to be declared at the close of the day's trading, setting a new high record.

Allan C. Eustis, Jr., Chairman of the Bond Club Stock Exchange Committee, notified members that there would be no competitive bidding — "we control the business"—and that all subscriptions up to two shares would be allotted in full.

Subscription books on the offering will remain open until May 23. Trading as usual will take place under the "big top" on the grounds of the Sleepy Hollow Country Club on June 6.

Consolidated Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Clarence J. Richardson and Donald S. Trestrail have been added to the staff of Consolidated Investments, Inc.

Joins Davies & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John C. Hoyt has become associated with Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Rejoins Denault Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Fenwick Smith has rejoined the staff of Denault & Co., Russ Building. He has recently been with Investors Diversified Services.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Peter C. Robertson is now associated with Harris, Upham & Co., 232 Montgomery Street.

With Pierre R. Smith

(Special to THE FINANCIAL CHRONICLE)

ELYRIA, Ohio—Fred A. Irwin has become associated with Pierre R. Smith & Co., Elyria Savings and Trust Building, members of the Midwest Stock Exchange.

Canadian Securities

By WILLIAM J. McKAY

The operations and policies of the Canadian Pacific Railway Company have long been linked to Canada's economic and industrial development, and therefore, any statements emanating from CPR officials should have an important bearing on Canada's future prospects, both from a national standpoint as well as from the investment aspect. Accordingly, the remarks made by W. A. Mather, President of the Canadian Pacific, at a recent annual stockholders' meeting of the company are of special interest at the present time, particularly in view of the remarkable postwar developments in Canada's economy.

William A. Mather

Pointing out that Canada's development has now caught up with railway construction, Mr. Mather said that "as the productive capacity of the nation increases an increase in the capacity and efficiency of transportation facilities is essential." He noted that railways still provide the cheapest method of mass transportation. In order that these facilities be expanded and improved in anticipation of expansion of the economy, he urged that the railways "be placed in a position to finance their requirements of capital on a sound basis."

Speaking of Canadian Pacific's proposed capital expenditures, Mr. Mather said that in 1949 it was estimated that an expenditure of about $80 million annually over a period of five years would be required. He explained, however, that "acceleration of the growth in the economy which has occurred since this program was drawn up, as well as the increases in the level of prices, indicates that even larger annual expenditures may be necessary."

Mr. Mather then outlined the long-range program contemplated for the replacement of facilities and rolling stock, including in his list examination and reconstruction of terminal facilities in order to expedite the flow of traffic; improvement of track standards by laying heavier rail; restoration and strengthening of embankments to permit heavier loads and higher train speeds; passing track extensions to avoid delays in meeting and passing trains; further installations of automatic signals and the introduction of centralized traffic control to increase the capacity of congested lines; the introduction of new methods of communication to expedite train movements and terminal handling; and the greater use of diesel electric locomotives.

"These," he said, "are the basic requirements of the railway to meet the inevitable future growth of Canada."

As the Canadian Pacific is engaged in all lines of transportation and its ancillary operations, including air lines, Mr. Mather's remarks regarding the expansion of air line service are encouraging. He announced that Canadian Pacific Airlines have applied to extend trans-Pacific services from the Orient, now terminating at Vancouver, to South America, and that Canadian Pacific Steamships will have to acquire a ship to replace two "Beaver" class vessels which are being transferred from Atlantic service to the Pacific.

Touching upon the development of oil resources in Western Canada, Mr. Mather said that they were of importance to the company.

"The postwar discoveries and the increasing production of oil are broadening and accelerating the development of that area," he said, "and increases in railway traffic are resulting from this activity.

"The company has not directly engaged in the discovery or production of oil," Mr. Mather said, explaining that the best interests of the company would be served by granting reservations and leases to those willing to undertake exploration and drilling over the wide areas involved.

Concerning Canada's economic position and outlook, Mr. Mather stated:

"There is no question in my mind as to the future of this country, but there is a doubt as to whether the continuation of what appears to be the present policy of decreasing the hours of work without a compensating increase in production will not have an effect on the future prosperity of Canadians directly contrary to our hopes."

Mr. Mather's review of the operating results of Canadian Pacific for the first quarter of 1952 showed that gross railway earnings were up by $9.6 million over the same period of 1951, largely reflecting the increase in freight rates. "However," he said, "working expenses, which included the costs of the 40-hour week, increased slightly more, being up by $10.6 million. Freight traffic volume, in terms of gross ton miles, was 13.5% greater than in the first quarter of last year."

Concluding his address to shareholders, Mr. Mather said: "The company, through its railway, steamship and air transportation facilities, and its many and varied ancillary operations, renders necessary and important public services extending across the continent and spanning the Atlantic and the Pacific.

"A large segment of the manpower of the country is directly employed in providing these services. Last year, more than 90,000 employees in Canada were on the payrolls. In addition, employment was provided for the vast numbers engaged in the production of the goods and services purchased by the company. In 1951 total purchases made by the company exceeded $192 million. Of this amount $174.2 million was bought in Canada," he said.

"The directors," Mr. Mather said, "are confident that there is a full and vigorous part for Canadian Pacific to play in the future development of Canada, and are firmly resolved that this will be fulfilled with the same careful consideration for the best interests of the nation that has been evident in the policies of the company throughout the 71 years of its existence."

Montague H. Zink Rejoins E. F. Hutton

Montague H. Zink is rejoining the Investment Research Department of E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, on Monday, May 26, as Editor of the firm's Daily Market Letter, after 15 months of service with the Armed Forces in Washington.

St. Louis Analysts Elect Officers

Haworth F. Hoch Walter W. Ainsworth

ST. LOUIS, Mo.—At the annual meeting of the St. Louis Society of Financial Analysts, held on May 19, 1952, the following officers were elected for the coming year:

President: Haworth F. Hoch, McCourtney-Breckenridge & Co. Vice-President: Walter W. Ainsworth, Metropolitan St. Louis Company. Secretary-Treasurer: Edward Costigan, Edward D. Jones & Company. Chairman of Program Committee: Frank X. Keaney, Stifel, Nicolaus & Co., Inc.

During the past year, under the able leadership of the retiring President, Carl L. A. Beckers of St. Louis Union Trust Company, the Society increased its membership by more than one-third and now includes representatives from various St. Louis industrial concerns. During the past year, many prominent industrialists from all over the United States, spoke before meetings of the Society.

Midwest Exch. Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to membership: Vincent C. Looper, Looper & Co., Joplin, Mo.

With Cantor, Fitzgerald

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Morton J. Koval has joined the staff of Cantor, Fitzgerald & Co., 224 North Canon Drive. He was formerly with Hogan, Price & Co. and Floyd A. Allen & Co.

Two With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Curtis C. Dixon and Albert E. Tuck are now with Investment Service Corporation, 444 Sherman Street.

Continued from first page

Rails Increase in Investment Fund Favor

ing and construction issues, which had been lightened in portfolios for several quarterly periods, were fairly well divided between buyers and sellers. Opinion was also mixed on oil shares.

The acquisition of the newly issued common stock of Owens-Corning Fiberglas is of particular interest because it is not generally appreciated that the open-end or mutual fund contributes "new money" to American industry directly. Rather its contribution is more generally thought to be almost exclusively via the indirect route, i.e. through absorption of well-traded listed securities, thus freeing the seller's capital for investment in the new and untested issues. The Fiberglas investment and other purchases during the period under review must, therefore, be assessed in determining the mutuals' contributions to the capital markets.

Ten management groups, representing 12 funds, placed their capital in this stock. Nine of these investment companies were mutuals. Total over-all fund management investment approximated $1 million amounting to 5% of the issue. This one item alone during the quarter might well appear to be significant, but there were other cases of investment in "new money" flotations. Bowling Green Fund and Shareholders Trust of Boston acquired stock in the Schering Corporation, until recently controlled by the alien property custodian. Investments were made in the newly distributed shares of Beckman Instruments, Inc., by the Axe-Houghton "A" and "B" funds and Bowling Green Fund as well as two closed-end companies, Lehman Corporation and Overseas Securities. An offering of Middle South Utilities was subscribed to by several open-end trusts. During the first three months of the year many mutuals also exercised rights to acquire new stock in several other utility companies which included Texas Eastern Transmission Co., Dayton Power and Light, Kansas City Power and Light, Texas Utilities and West Penn Electric. Additional stock in Dow Chemical and American Tobacco was also taken up through rights. Employment of open-end company funds as *venture capital*, with the exception of American Research and Development and the recently approved program of Republic Investors, is comparatively rare and not germane to this discussion. (10% of Republic's gross assets may be invested in new business enterprises without regard to minimum size or age limitation.) But "new money" capital, as we have seen, does frequently come directly from mutual fund assets.

Other Obscure Issues

Several issues little known to fund portfolios (in addition to the new stock of Beckman Industries mentioned in the preceding paragraph) were purchased by the trusts in the period under review. These included Canadian Chemical and Cellulose Co., Ltd. acquired by United States and Foreign and United States and International Securities Companies; Federated Petroleums, Inc. bought by the Bowling Green Fund; Ralston Purina added to the list of Bullock Fund; MacMillan and Bloedel, Ltd., "B," manufacturers of paper, acquired by Incorporated Investors; Gladding, McBean and Co., manufacturers of tiles and pottery, and General Controls, purchased by the Investment Co. of America; the First National Bank of Tulsa held in the portfolios of both Axe-Houghton Fund "A" and "B"; Ohio Brass "B" bought by Axe-Houghton Fund "A" only; Ideal Cement, newly added to the portfolio of Wellington Fund; and Magic Chef to the list of Commonwealth.

Policy Toward Oils

In the previous quarterly fund review (Chronicle, Feb. 7, 1952) we discussed the lack of industrial diversification of several closed-end investment companies and the high percentage of their assets invested in the securities of companies in the oil and natural gas industries. Accordingly, it is interesting to note developments during the current quarter in three closed-end companies with heavy investments in the petroleum field.

Under the Investment Company Act of 1940, a fund must state in its registration statement its policy as to concentration in a particular industry or group of industries. No change can be made in such policy without approval of stockholders. In its initial statement of policy, filed in 1941, General American Investors stated that, although it was not its usual policy to concentrate, in order to reserve freedom of action, it would make no investment if this plus other investments in any one industry exceeded 35% of its gross assets. Recently the investment company secured stockholder approval to raise this limit to 50%. Similarly, United States and Foreign Securities Corp. and United States and International Securities Corp. received assent from their shareholders to change their stated limit from 40% to 50%.

This is the explanation for the change appearing in the proxy statement of General American Investors for its annual meeting held on March 11: ". . . although the company's investments in the oil industry taken at cost were less than 21% of its gross assets similarly calculated at cost, notwithstanding this, the value as of Jan. 31, 1952 of its oil investments was over 37% of the value of its gross assets. This is due to the fact that the investments in oil securities have had a greater market appreciation than have the other investments. As a result the management can no longer exercise its discretion as to the oil investments portion of the company's portfolio. Not only can it not add to such investments but it cannot sell any oil investment and reinvest the proceeds in another oil investment, regardless of how advisable it may consider such a switch to be. It is accordingly limited in its choice to either decreasing its oil investments or continuing to hold its present oil investments even though a change to some other oil investment may be desirable."

It appears that this action is being questioned in some quarters. The contention is that this safeguard was originally designed to provide assurance to the investor of an automatic check on management during just such periodic excesses in speculative enthusiasm as the American financial community is currently saturating itself within the oil stocks.

Heavy investment in petroleum and natural gas equities, however, was by no means characteristic of all the companies regularly surveyed in these quarterly analysis. For example, the Wisconsin Investment Company held only 4.3% of total assets in oils and natural gas shares. The conservative position of this mutual fund in anticipation of the drastic market decline of 1946 has been commented on recently in these surveys. It is, therefore, interesting at this particular time to quote from the address of Mr. Harold W. Story, President, delivered to stockholders at the Annual Meeting of March 19:

"Marked *flexibility of investment ratios* (our italics) for the protection of our stockholders' principal continues to be an important part of our investment policy. For the last few months, concentration of investment funds into the more defensive types of equities has been the keynote of our policy. Faced with many complexities, we feel once more that the element of increased conservatism should be stressed.

"The reasons for this are several and fairly obvious: First, as a result of the war effort, the free play of economic forces is gradually becoming more restricted. . . . The heavy impact of the tax burden is being felt not only in the purchasing power of the individual but generally in the earnings of corporations. . . .

"Second, this year, more than last, could mark a turning point in the realm of international politics. Aggravation of financial and economic crises in major nations such as England and France could have serious repercussions in the rest of the world. . . . Greater danger of real war could well bring about more stringent controls. On the other hand, a considerably lessened war danger might invite a substantial degree of deflation. . . .

"Third, our country is facing this year a Presidential election of crucial importance. As the campaign unfolds itself, the pronouncements of the various Presidential candidates and evaluation of their respective chances of election will have a direct bearing on the acceptance of speculative risks. . . ."

A more cautious note than prevailed during the last quarter of 1951 was evidenced by the change in portfolio balance of several other companies, although over-all purchasing continued at almost the same pace and exceeded selling by about the same margin as during the earlier period. Cash positions were drawn down by only one-third of the companies reviewed as contrasted with one-half in the previous three months. Largest percentage increase in cash and governments were in the holdings of Eaton and Howard Balanced, the Income Series of National Securities and Research, Knickerbocker Fund, Republic Investors and United Income Fund. In dollar amount, the largest additions were registered by United Income, State Street, and Lehman Corp. with $2.9, $2.5 and $2.5 million respectively.

Several other funds, although decreasing the percentage of their assets held in liquid reserves, increased their investments to a noticeable degree in the better grade bonds and senior equities. Included in this category were the Mutual Fund of Boston, Shareholders Trust of Boston, the Bowling Green Fund, the two Loomis-Sayles Funds, and to a lesser extent, Scudder, Stevens and Clark

and the Wellington Fund. Although not decreasing its cash position in dollar value, the greatest increase percentagewise to be invested in bonds and preferreds was made by Axe-Hougnton "A." The Axe "B" Fund and Republic Investors, also under the same management, upped their investment in this category, but not to the same extent during the period as Axe "A."

Favorite issue in the power and light group was Middle South Utilities, interest in which, of course, was especially stimulated by the nationwide offering of stock to the public in the latter part of March. Ten funds purchased a total of 109,000 shares, two of these making new commitments. How much of this amount was new stock is not ascertainable from published quarterly trust reports, but it is nevertheless interesting to observe, comparing amount of this stock, that the underwriting consisted of 600,000 shares. No managements sold any of their shares during the quarter. General Public Utilities was second most popular issue in the group as during the previous three months. Two funds made initial purchases and five others added to existing holdings for a total of 23,100 shares. There was a complete absence of liquidation in this issue also. Attention should be called to the extensive investment of 154,000 common shares of this utility held by Massachusetts Investors Trust and the election in February of Merrill Griswold, Chairman of its trustees, to G.P.U.'s board.

Niagara Mohawk Power was also well-liked in this group, seven managements purchasing a total of 93,260 shares, three making new commitments. One block of 2,000 shares was sold. Popularity of this issue seemed to be well-established as during the last quarter of 1951 six trusts had acquired stock. Four companies made new commitments in American Power and Light and two more added to existing holdings. Purchases totaled 53,900 shares, offsetting which there were two sales of 4,500 shares. Five funds each bought Florida Power and Light, Rochester Gas and Electric and the Southern Co. Two of the purchases of both Florida Power and Rochester Gas represented newcomers to portfolios. Florida Power and Light additions totaled 30,500 shares; Rochester Gas and Electric, 5,600; and Southern Co., 49,600. There was no liquidation in the holdings of any of the three companies. Pacific Gas and Electric, Public Service of Indiana and Public Service Electric and Gas each found favor with three managements. There was one new commitment in Pacific Gas and another in Public Service Electric. Purchases of the latter utility totaled 16,400 shares and of

Continued on page 25

Balance Between Cash and Investments of 64 Investment Companies

End of Quarterly Periods December, 1951 and March, 1952

	Net Cash & Gov'ts Thous. of Dollars —End of—		Net Cash & Gov'ts Per Cent —End of—		Invest. Bonds & Preferred Stocks Per Cent* —End of—		Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of—	
	Dec.	March	Dec.	March	Dec.	March	Dec.	March
Open-End Balanced Funds:								
American Business Shares	7,872	7,994	22.0	21.9	30.6	31.1	47.4	47.0
††Axe-Houghton Fund "A"	4,502	4,581	21.9	19.6	9.7	18.8	68.4	61.6
Axe-Houghton "B"	813	849	3.7	3.4	23.3	27.2	73.0	69.4
Boston Fund	3,586	2,116	4.8	2.6	42.9	43.9	52.3	53.5
Commonwealth Investment	3,930	3,841	9.3	8.0	18.9	22.0	71.8	70.0
Diversified Investment Fund—Diversified Funds, Inc.	204	418	0.8	1.6	21.4	20.8	77.8	77.6
‡Dreyfus Fund	152	212	19.1	21.4	5.8	1.5	75.1	77.1
Eaton & Howard Balanced	4,778	6,497	6.2	7.8	29.6	31.1	64.2	61.1
Fully Administered Fund—Group Secur.	3,311	3,361	53.5	50.9	9.1	9.0	37.4	40.1
General Investors Trust	235	244	10.0	10.4	11.0	11.1	79.0	78.5
††Investors Mutual	9,669	10,984	3.0	3.1	29.3	29.9	67.7	67.0
Johnston Mutual Fund	253	317	19.0	20.5	13.7	14.6	67.3	64.9
‡‡Mutual Fund of Boston	137	48	6.7	2.3	31.7	38.7	61.6	59.0
National Securities—Income	636	1,207	2.8	5.0	18.7	19.5	78.5	75.5
Nation Wide Securities	3,441	3,811	19.0	20.0	29.1	25.8	51.9	54.2
George Putnam Fund	2,445	3,695	4.6	6.7	22.8	22.7	72.6	70.6
Scudder, Stevens & Clark	6,838	6,191	18.8	16.3	27.3	29.7	53.9	54.0
Shareholders Trust of Boston	311	244	4.6	3.3	19.1	21.8	76.3	74.9
Wellington Fund	29,021	25,625	15.0	12.3	22.5	24.3	62.5	63.4
Whitehall Fund	53	139	2.4	5.8	44.8	42.7	52.8	51.5
Wisconsin Investment Co.	526	635	11.4	12.4	7.4	6.7	81.2	80.9
Open-End Stock Funds:								
Affiliated Fund	3,883	2,698	2.3	1.4	0.3	0.3	97.4	98.3
Bowling Green Fund	113	102	14.2	12.5	18.0	22.9	67.8	64.6
Blue Ridge Mutual Fund	5,637	1,576	23.3	7.1	None	None	76.7	92.9
Broad Street Investing	308	1,066	1.3	4.0	6.3	5.3	92.4	90.7
Bullock Fund	2,277	2,208	18.0	16.1	None	None	82.0	83.9
Delaware Fund	321	395	2.7	3.0	1.5	1.4	95.8	95.6
Dividend Shares	15,766	14,305	15.5	13.3	None	None	84.5	86.7
Eaton & Howard Stock	1,356	1,507	10.8	11.0	2.3	2.7	86.9	86.3
Fidelity Fund	3,754	3,901	5.9	5.5	0.9	1.2	93.2	93.3
First Mutual Trust Fund	44	37	1.6	1.5	73.1	73.5	25.3	25.0
Fundamental Investors	4,406	4,161	3.8	3.3	0.4	None	95.8	96.7
General Capital Corp.	2,105	2,113	16.6	16.2	None	None	83.4	83.8
Group Securities—Common Stock Fund	137	317	5.0	9.3	None	None	95.0	90.7
Incorporated Investors	6,864	6,304	6.1	5.1	None	None	93.9	94.9
Institutional Shs.—Stock & Bond Group	1,100	1,022	48.0	45.1	None	None	52.0	54.9
Investment Company of America	3,011	3,004	18.4	16.9	0.3	None	81.3	83.1
Investors Management Fund	211	170	1.5	1.2	0.6	None	97.9	98.8
Knickerbocker Fund	9,660	11,249	61.8	69.9	7.0	5.0	31.2	25.1
Loomis-Sayles Mutual Fund	4,050	3,978	[illegible]	31.2	11.2	16.2	52.2	52.6
¶Loomis-Sales Second Fund	4,170	3,549	33.7	27.9	11.9	19.1	54.4	53.0
Massachusetts Investors Trust	12,289	12,048	2.8	2.6	None	None	97.2	97.4
*Massachusetts Inv. Growth Stock Fund	2,131	2,268	6.3	6.2	None	None	93.7	93.8
Mutual Investment Fund	176	191	12.8	11.9	30.4	32.3	56.8	55.8
National Investors	709	683	2.8	2.4	None	None	97.4	97.6
New England Fund	1,196	1,112	24.1	21.0	10.5	10.4	65.4	68.6
Republic Investors	610	867	10.6	14.2	22.1	24.7	67.3	61.1
Selected American Shares	2,496	2,328	11.1	10.0	None	None	88.9	90.0
Sovereign Investors	5	12	1.1	2.3	6.8	6.3	92.1	91.4
State Street Investment Corp.	25,543	28,157	23.9	25.2	0.1	None	76.0	74.8
United Income Fund—United Funds, Inc.	2,948	5,861	5.5	10.3	2.7	None	91.8	89.7
Wall Street Investing Corp.	665	656	21.1	19.2	None	None	78.9	80.8
Closed-End Companies:								
Adams Express	2,864	2,686	5.3	4.8	0.6	0.6	94.1	94.6
American European Securities	1,354	539	10.6	3.7	5.1	9.8	84.3	86.5
American International	684	1,043	2.7	3.9	0.8	0.8	96.5	95.3
Capital Administration	233	379	2.2	3.5	16.5	15.0	81.3	81.5
General American Investors	8,134	8,157	15.7	14.4	None	None	84.3	85.6
General Public Service	694	1,381	5.5	10.4	None	None	94.5	89.6
Lehman Corporation	15,171	17,633	10.5	11.5	0.4	None	89.1	88.5
National Shares Corp.	2,500	2,226	19.8	16.4	3.6	3.6	76.6	80.0
Overseas Securities	92	26	3.2	0.9	None	None	96.8	99.1
Tri-Continental Corp.	1,376	3,774	0.9	2.3	14.3	13.4	84.8	84.3
†U. S. & Foreign Securities	2,686	2,390	4.5	3.6	0.7	0.6	94.8	95.8
U. S. & International Securities	4,220	5,019	6.8	7.4	0.5	0.4	92.7	92.2

*Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated companies. ‡‡Name changed from Russell Berg Fund. ‡Name changed from Nesbett Fund. ††December figures revised. ¶Loomis-Sayles Second Fund merged with the Loomis-Sayles Mutual Fund on May 1, 1952. *Name changed from Massachusetts Investors 2nd Fund.

SUMMARY

Change in Cash Positions of 62 Investment Companies

(Period — First Quarter — 1952)

	Plus	Minus	Unchanged	Totals
Open-End Companies:				
Balanced Funds	10	5	6	21
Stock Funds	10	9	10	29
Closed-End Companies	5	6	1	12
Totals—All Companies	25	20	17	62

Changes in Common Stock Holdings of 45 Investment Management Groups

(December 31, 1951-March 31, 1952)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment:		
5(2)	12,300	Deere and Co.	4,800	3(2)
1(1)	*2,200*	*J. I. Case*	*34,210*	*4(1)*
1	*500*	*International Harvester*	*2,800*	*4(1)*
		Auto and Auto Parts:		
6(3)	16,500	Chrysler	1,000	1(1)
9(2)	40,400	General Motors	2,400	3(1)
3(3)	14,800	Libbey-Owens-Ford Glass	5,000	1
7(3)	31,300	Studebaker	100	1(1)
3(1)	1,700	Timken Roller Bearing	None	None
1(1)	*1,000*	*Bendix Aviation*	*2,400*	*3(2)*
None	*None*	*Borg Warner*	*1,200*	*2(2)*
1	*2,000*	*Thompson Products*	*3,600*	*4(1)*
		Aviation:		
2(1)	500	Boeing Airplane	None	None
6(1)	13,200	Eastern Airlines	5,700	3(1)
3	4,500	Lockheed Aircraft	None	None
2(1)	13,000	North American Aviation	None	None
2(2)	9,900	Northwest Airline	None	None
4	2,700	United Aircraft	18,000	1(1)
1	*2,000*	*Pan American World Airways*	*7,800*	*3(1)*
3	*16,329.1*	*United Airlines* [1]	*6,700*	*5(3)*
		Beverages:		
2(2)	700	Coca Cola	None	None
1(1)	*1,000*	*Distillers Corp.-Seagrams*	*25,800*	*3(2)*
None	*None*	*Hiram Walker*	*10,100*	*2(1)*
		Building Construction and Equipment:		
3	26,600	American Radiator	4,000	1
3(1)	8,100	Armstrong Cork	None	None
4(1)	6,400	Johns-Manville	8,000	2(1)
2(1)	5,000	U. S. Plywood	None	None
None	*None*	*Certain-teed Products*	*17,600*	*2(1)*
None	*None*	*Crane Co.*	*1,200*	*2(1)*
None	*None*	*National Lead Co.*	*6,700*	*4(1)*
None	*None*	*Scoville Mfg.*	*7,100*	*2(2)*
		Chemicals:		
3	2,200	Air Reduction	500	1(1)
4(3)	29,700	Commercial Solvents	12,000	2
13	2,644.5	Dow Chemical [2]	0.5	1
4(1)	13,400	duPont	None	None
2	30,200	Inter. Minerals & Chem.	None	None
3(1)	10,500	Koppers Co.	12,000	1(1)
6(1)	11,500	Monsanto Chemical	5,100	1
2(1)	3,000	Texas Gulf Sulphur	None	None
None	*None*	*Columbian Carbon*	*800*	*2(1)*
None	*None*	*Eastman Kodak*	*19,720*	*4*
None	*None*	*Freeport Sulphur*	*8,500*	*2*
		Containers and Glass:		
5(2)	18,000	Continental Can	1,000	1
3	8,600	Corning Glass Works	600	1(1)
5(1)	21,800	Owens Illinois Glass	11,100	2(1)
None	*None*	*American Can*	*1,500*	*2(1)*
		Drug Products:		
4(1)	20,500	Bristol-Myers	1,400	1(1)
5	4,700	Colgate-Palmolive-Peet	300	1
3(1)	12,200	Gillette Co.	None	None
4(1)	23,000	Lilly (Ely) & Co. "B"	None	None
4	3,400	Parke Davis & Co.	500	1(1)
2(2)	3,300	Schering Corp.	None	None
2(2)	1,500	Searle (G. D.) & Co.	None	None
3	13,000	Sterling Drug	None	None
		Electrical Equipment:		
4(4)	25,982	Beckman Instruments	None	None
6	18,000	General Electric	3,700	4
5(4)	17,600	Motorola	1,000	1
4(2)	8,000	Philco Corp.	1,000	1
3(12)	83,200	Radio Corp. of America	2,500	3(1)
4(1)	15,900	Sylvania Electric Products	700	2(1)
7(1)	33,400	Westinghouse Electric	11,400	5(1)
3(2)	4,000	Zenith Radio	None	None
		Financial, Banking and Insurance:		
2(1)	5,200	American Investment Co. (Ill.)	None	None
2(2)	4,250	Bank of America	None	None
3(2)	25,500	Bank of Manhattan Co.	None	None
2	18,200	Bankers Trust Co. (N. Y.)	None	None
4(1)	2,700	C. I. T. Financial Corp.	1,500	2(1)
2(1)	3,100	Continental Casualty Co.	None	None
4(4)	10,400	Cont. Ill. Nat. Bank & Trust [3]	None	None
3(1)	10,500	Firemen's Insurance of Newark	14,000	1
2	600	First Nat. Bank of Chicago	None	None
2(1)	6,400	General Reinsurance Corp.	None	None
3(2)	4,750	Guaranty Trust Co. of N. Y.	None	None
2	31,000	Irving Trust Co., N. Y.	None	None
4(3)	16,800	Marine Midland	None	None
3	17,500	National City Bank of N. Y.	None	None
4(2)	5,800	U. S. Fidelity & Guaranty Co.	None	None
		Food Products:		
2(2)	5,300	American Chicle	None	None
2(1)	1,100	Borden Co.	None	None
2(1)	2,200	Corn Products Refining	None	None
3	4,300	General Foods	None	None
3(2)	2,300	General Mills	None	None
3(1)	19,700	Standard Brands	None	None
5	11,500	United Fruit Co.	11,000	3(1)
None	*None*	*Cuban Atlantic Sugar*	*15,300*	*2*
None	*None*	*Stokely-Van Camp*	*7,150*	*2*
		Machinery and Industrial Equipment:		
5(1)	18,500	Allis Chalmers	2,400	2
3(2)	3,100	Combust. Engineer.-Superheater	1,100	1(1)
None	*None*	*Bullard Co.*	*2,400*	*2(1)*
None	*None*	*Fairbanks Morse*	*4,600*	*2*
None	*None*	*Halliburton Oil Well Cement*	*3,300*	*2(1)*
1	*600*	*National Acme*	*3,400*	*3*
None	*None*	*United Engineering & Foundry*	*9,200*	*2(2)*
		Metals and Mining:		
3(2)	32,800	Climax Molybdenum	300	1(1)
2(1)	6,500	Howe Sound	None	None
3(1)	*21,000*	*Aluminium, Ltd.*	*18,300*	*5(2)*
1	*4,800*	*Aluminum Co. of America*	*3,800*	*4(1)*
2	*14,200*	*American Smelting & Refining*	*5,200*	*7(1)*
1(new)	*1,000*	*Consol. Mng. & Smelt.* [4]	*{4,500[old] / {3,000[new]*	*]3(3) /]2*
None	*None*	*Hudson Bay Mining & Smelting*	*15,100*	*4(3)*
2	*300*	*Kennecott Copper*	*7,000*	*5(1)*
None	*None*	*U. S. Smelting & Refining*	*600*	*2(2)*
		Office Equipment:		
3(1)	8,010	Addressograph-Multigraph	5,600	1
3(2)	22,000	Burroughs Adding Machine	1,000	1
		Paper and Printing:		
4(1)	22,000	Crown-Zellerbach	None	None
3	8,300	Kimberly-Clark	None	None
2	2,100	Lily Tulip Cup	None	None
2(1)	31,000	MacMillan & Bloedel, Ltd. "B"	None	None
6(2)(new)	42,800	Marathon Corp. [5]	None	None
4	3,900	Rayonier	1,000	1
4(3)	28,500	Scott Paper	None	None
4(2)	13,500	Union Bag & Paper	None	None
5	*18,800*	*International Paper*	*39,700*	*7(2)*
		Petroleum:		
3(2)	13,500	British American Oil, Ltd.	10,000	1(1)
4	3,900	Cities Service	1,500	2
3(3)	57,000	International Petroleum, Ltd.	None	None
5(1)	6,400	Mid-Continent Petroleum	None	None
10(4)	29,410	Mission Development Co. [6]	500	1
4	14,100	Ohio Oil	8,500	2
4(1)	5,200	Shell Oil	1,000	2
4(1)	26,500	Socony Vacuum	1,600	2
7(1)	19,600	Standard Oil of California	None	None
2(1)	600	Standard Oil of New Jersey	None	None
3(3)	13,500	Texas Pacific Land Tr. (sub share ctfs.)	100	1(1)
3(1)	*5,800*	*Amerada Petroleum*	*3,300*	*5*
None	*None*	*Atlantic Refining*	*2,500*	*2*
1	*200*	*Continental Oil (Del.)*	*1,700*	*3*
2	*2,800*	*Gulf Oil*	*11,700*	*5*
None	*None*	*Humble Oil*	*8,500*	*2*
1	*100*	*Texas Co.*	*13,081*	*7(2)*
None	*None*	*Union Oil of California*	*5,700*	*3(2)*
		Natural Gas:		
3	16,500	American Natural Gas	None	None
3(1)	32,900	El Paso Natural Gas [7]	None	None
2(1)	8,000	Southern Union Gas	None	None
3	4,763	Texas Eastern Transmis. [8]	None	None
3	18,600	United Gas Corp.	500	1
		Public Utilities:		
6(4)	53,900	American Power & Light	4,500	2
2	8,100	Brooklyn Union Gas	None	None
2(2)	2,300	Central & Southwest Corp.	None	None
2(2)	33,000	Columbus & Southern Ohio Elec.	None	None
4(1)	10,400	Commonwealth Edison	None	None
2	8,000	Dayton Power & Light [9]	None	None
5(2)	30,500	Florida Power & Light	None	None
7(2)	23,100	General Public Utilities	None	None
2	9,400	Houston Lighting & Power	None	None
2(1)	5,900	Iowa-Illinois Gas & Electric	None	None
5	43,800	Kansas City Pwr. & Light [10]	None	None
10(2)	109,000	Middle South Utilities	None	None
7(3)	93,260	Niagara Mohawk Power Corp.	2,000	1
3(1)	42,600	Pacific Gas & Electric	None	None
2(1)	27,000	Pacific Power & Light	None	None
3	2,800	Public Service of Indiana	None	None
2(1)	23,500	Public Service of N. Mex. [11]	None	None
3(1)	16,400	Pub. Service Electric & Gas	500	1
5(2)	5,600	Rochester Gas & Electric	None	None
5	49,600	Southern Co.	None	None
10(1)	62,907	Texas Utilities [12]	500	1
7(1)	25,512	West Penn Electric [13]	None	None
2(1)	*1,800*	*American Gas & Electric*	*1,210*	*4(2)*
None	*None*	*Florida Power Corp.*	*13,200*	*3*
1	*1,000*	*North American*	*32,300*	*3(1)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
Radio and Amusement:				
4(3)	72,000	Columbia Broadcasting "A" 14	None	None
None	*None*	*Twentieth Century-Fox Film*	*65,500*	*3(2)*
None	*None*	*United Paramount Theatres, Inc.*	*14,600*	*3(2)*
Railroads:				
3(1)	2,800	Atlantic Coast Line	None	None
2	1,200	Chesapeake & Ohio	None	None
5(1)	18,300	Chicago, Rock Island & Pac.	4,200	2(1)
2(1)	20,300	New York Central	None	None
4(2)	30,700	Northern Pacific	22,300	2(2)
3	30,500	Pennsylvania	None	None
3(2)	16,500	Southern Railway	3,000	1
3(1)	6,400	Union Pacific	800	1
2(1)	13,600	Western Pacific	None	None
Retail Trade:				
3	4,000	Allied Stores	500	1
2(1)	8,400	Associated Dry Goods	None	None
3(1)	5,100	Federated Department Stores	300	1
2	6,400	May Department Stores	None	None
4(1)	11,700	Woolworth	None	None
None	*None*	*Green (H. L.) Co.*	*8,000*	*2(1)*
Rubber and Tires:				
5	10,100	Firestone	8,500	1
1	*800*	*United States Rubber*	*4,500*	*3(1)*
Steels:				
2	2,100	National Steel	None	None
4(1)	10,300	Republic Steel	None	None
3	*9,100*	*Bethlehem Steel*	*17,500*	*6(4)*
None	*None*	*General Refractories*	*3,675*	*2(2)*
1	*200*	*Jones and Laughlin*	*4,700*	*3*
None	*None*	*United States Steel*	*74,500*	*6(2)*
Textiles:				
6(1)	16,600	American Viscose	1,600	2
3	4,500	Industrial Rayon	None	None
Tobaccos:				
12(3)	48,900	American Tobacco 15	None	None
3	2,300	Liggett and Myers	None	None
3(1)	15,600	R. J. Reynolds "B"	4,500	1(1)
Miscellaneous:				
2	4,200	Electric Boat	None	None
2(1)	1,600	General Shoe Corp.	None	None
10(10)	30,705	Owens-Corning Fiberglas	None	None

SUMMARY

Balance Purchases and Sales Portfolio Securities 62 Investment Companies

	Bought	Sold	Matched	Total
Open-End Companies:				
Balanced Funds	12	3	6	21
Stock Funds	21	5	3	29
Closed-End Companies	2	4	6	12
Totals—All Companies	35	12	15	62

FOOTNOTES

1 6,329.1 shares converted from 4½% preferred.
2 Major portion acquired through exercise of rights.
3 8,900 shares received as 25% stock dividend.
4 Excludes stock received in five-for-one split-up.
5 New stock; shares received directly as 100% stock dividend not tabulated.
6 Stock dividend on Mission Corp. Basis: One for ten.
7 Part converted from preferred issue.
8 Acquired through rights (except 75 shares). Basis: One for eight shares.
9 7,333 shares purchased with rights. Basis: One for nine.
10 In part bought with rights. Basis: One for six.
11 1,500 shares added through two-for-one split-up.
12 18,290 shares acquired with rights. Basis: One for twelve.
13 11,237 shares acquired through exercise of rights. Basis: One for eight.
14 Includes one block of 10,000 shares reported as "A and B."
15 Purchased in part through rights.

NOTE — This survey covers 64 investment companies, but purchases or sales of funds sponsored by one management group are treated as a unit. For example, the several companies sponsored by E. W. Axe and Co. are considered as having the weight of one manager. Individual portfolio changes of the two Loomis-Sayles Funds are not surveyed.

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Rails Increase in Investment Fund Favor

the former 42,600 while 2,800 of the Indiana stock were added to portfolios. In the instance of these three issues, also, no trust offered stock for sale. A couple of purchases were made of Houston Lighting and Power and Iowa-Illinois Gas and Electric. Conforming to the current quarter's pattern in utility transactions there generally, was an absence of liquidation in these issues.

American Gas and Electric was the least liked company in the power and light group, two funds eliminating its stock and two others lightening holdings. Sales totaled 1,210 shares; there were two purchases. Three managements each disposed of shares in Florida Power Corp. and the North American Co., the latter of which had been one of the few such companies to have been sold on balance during the last three months of 1952. Sales in the current period totaled 32,300 shares while liquidation of Florida Power amounted to 13,200 shares. Managements were divided on Telephone, six selling 21,150 shares and five buying 1,750.

The Rails

The rails have been gradually gaining increased acceptance by trust managements in each one of the last three quarterly periods. This is a thumbnail sketch of the trend:

Quarterly Period	No. of Managements Purchasing	Selling
September, 1951	42	36
December, 1951	48	27
March, 1952	54	29

Chicago, Rock Island and Pacific and Northern Pacific have been consistent favorites throughout this nine-month period. In fact, as noted in the preceding survey, they were the only two carriers to be bought on balance during the third quarter of 1951. During the three months currently reviewed Rock Island lead in popularity, four managements adding to holdings and a fifth making an initial commitment. Buying equaled 18,300 shares contrasting with two sales amounting to 4,200 shares. Northern Pacific, a stellar market performer during the period and removed from the Dow Industrial because of its heavy oil interests, was a close second to Rock Island in fund acceptance, four management group purchases of 30,700 shares being only partially offset by two portfolio eliminations amounting to 22,300. Individual portfolio additions included 2,000 shares by American European Securities, 10,000 shares by Massachusetts Investors Trust and 5,000 shares by Tri-Continental Corp. of the Seligman group. Three other companies in the latter group made initial commitments in "Nipper." Capital Administration bought 700 shares, Broad Street Investing Corp. 4,000 shares, and Nation Investors 7,000 shares, while still another new purchase of 2,000 shares was made by Bullock Fund. State Street Investing Corp. completely eliminated its holdings of 22,000 shares and Bowling Green Fund disposed of its block of 300 shares.

Pennsylvania, Southern Railway, Union Pacific and Atlantic Coast Line were each liked by three managements, purchases amounting to 30,500 shares, 16,500 shares, 6,400 shares and 2,800 shares, respectively. There were no sales of either Pennsylvania or Atlantic Coast Line, but one block of 3,000 of Southern was disposed of and another of 800 Union Pacific. Two trusts bought 1,200 shares of Chesapeake and Ohio, top favorite in the preceding quarter, and the same number of funds purchased 20,300 shares of New York Central and 13,600 shares of Western Pacific. Opinion was fairly well dividend on both Santa Fe and Southern Pacific, both of which had been bought on balance during the last three months of 1951.

While the primary concern of these surveys is with common stock transactions of investment company managements, the attention given to the rails in the current analysis would not be complete without mention of the interest of Investors Mutual in Missouri Pacific bonds. This largest of the open-end *balanced* funds held $6½ million principal amount of MOP debt in its portfolio, almost 30% of which was added during the quarter under review. Total investment equaled 2.03% of assets of the trust.

Although the greatest number of portfolio increases in the chemical stocks occurred in Dow, the major portion of such additions was stimulated by exercise of the rights. Otherwise, Monsanto might well be considered the favorite issue in this group during the period. Six managements bought 11,500 shares, one making a new purchase; one block of 5,100 shares was sold. In the previous quarter transactions had been rather heavy in Monsanto stock, but quite well divided between buyers and sellers. A total of 29,700 shares of Commercial Solvents was acquired by four funds and the same number purchased 13,400 shares of duPont. Three of the transactions in Solvents were new commitments and one in duPont. Selling was confined to two blocks of the former company equaling 12,000 shares. Three funds each purchased Air Reduction and Koppers Co., total increases amounting to 22,000 and 10,500 shares, respectively. Five hundred shares of the first named chemical were eliminated by one management and 12,000 shares of Koppers by another. Texas Gulf Sulphur was newly added to one portfolio and increased in a second, purchases totaling 3,000 shares.

In contrast, Freeport Sulphur was lightened by two managements with sales of 8,500 shares. Eastman Kodak, however, was the least popular issue in this group, four trusts disposing of 19,270 shares. There were no offsetting purchases. Also sold by two funds were 800 shares of Columbian Carbon.

The Paper and Drug Issues Favored

Crown Zellerbach and Rayonier continued their rating of the previous quarter as two of the best-liked issues in the paper and printing category. Four managements purchased a total of 22,000 shares of the former company and the same number acquired 3,900

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Rails Increase in Investment Fund Favor

shares of Rayonier. There was one initial commitment in each stock, but selling was confined to a single block of 1,000 shares of Rayonier. Four trusts also favored Scott Paper and Union Bag and Paper, three making new purchases of Scott and two of Union Bag. Acquisitions totaled 28,500 shares and 13,500 shares, respectively. There were no sales of either issue. Liquidation was completely absent likewise in shares of Kimberly Clark, Lily Tulip Cup and MacMillan and Bloedel "B." Two managements purchased 31,000 shares of this last named paper concern (mentioned earlier as a relative newcomer to portfolios) and 2,100 shares of Lily-Tulip Cup, while Kimberly Clark found its way into three portfolios. Selling was concentrated in International Paper as during the last quarter of 1951. Five trusts lightened holdings and two others completely eliminated the stock from their portfolios. Sales totaled 39,700 shares.

The extreme popularity of Radio Corp. of America among the electrical equipment and radio issues as well as its leadership over portfolio additions in all groups during the period has been pointed out earlier in this survey. Westinghouse was also liked, seven funds acquiring a total of 33,400 shares, one block of which represented a new commitment. Offsetting, in part, were five sales, amounting to 11,400 shares, one of which was a portfolio elimination. The other giant of the equipment industry, General Electric, was also bought on balance as six managements increased holdings by 6,000 shares. A total of 3,700 shares was disposed of by four other trusts. Philco, Sylvania Electric and Beckman Instruments (not entirely devoted to manufacture of *electrical* equipment) were each liked by four funds, but Motorola was even more popular as five companies purchased a total of 17,600 shares, four of which made initial commitments. A block of 1,000 shares of this latter issue was liquidated. Holdings of Zenith were increased in one portfolio and newly added to two others. Purchases totaled 4,000 shares. Concentrated selling in any one stock of this group was absent during the quarter.

In the drug and pharmaceutical category, Ely Lilly and Parke Davis were among the best-liked individual issues, four managements acquiring a total of 23,000 shares of the former and a like number purchasing 3,400 shares of the latter. A block of 500 shares of Parke Davis was eliminated. Twenty thousand five hundred shares of Bristol-Myers were also bought by four trusts and Colgate-Palmolive-Peet was even slightly more popular as five funds added a total of 4,800 shares. Holdings in one portfolio were decreased by 300 shares. Sterling Drug found favor with three managements, acquisitions equaling 13,000 shares, while two companies each made new commitments in Schering Corp. (previously noted) and G. D. Searle. As in the case of the electrical and radio stocks, there was no concentrated selling.

Paralleling management choice among the food issues in the previous quarter, United Fruit was again the favorite stock while Cuban Atlantic Sugar was least popular. Five companies bought 11,500 shares of the former, which was almost balanced (in stock volume through) the selling of 11,000 shares by three other trusts. General Foods, General Mills and Standard Brands were each purchased by three funds with liquidation completely absent. Acquisitions totaled 4,300 shares, 2,300 shares and 19,700 shares respectively. Two of those in General Mills and one in Standard Brands represented new commitments. Two initial purchases were made in American Chicle totaling 5,300 shares and Corn Products and Borden were also each bought by two managements. Volume of sales made by two trusts in the Cuban Atlantic Sugar stock amounted to 15,300 shares while a like number of companies disposed of 7,150 shares of Stokely-Van Camp.

Merchandisers

Top favorite in the merchandising group was Woolworth, which has continued to be bought on balance—though not in heavy volume—during each quarter of the last 12-month period. Three funds added to holdings and a fourth made a new purchase amounting to 11,700 shares; there was a complete absence of selling. Allied Stores was the second most popular issue in this category, vacating its "number one" ranking to Woolworth, which it had held for over a year. Three trusts acquired 4,000 shares contrasting with a single sale of 500 shares. Federated Department Stores was increased in two portfolios and introduced initially to another. Additions totaled 5,100 shares contrasted with sales by a single fund of 300 shares. Two companies purchased 8,400 shares of Associated Dry Goods and a like number bought 6,400 shares of May Department Stores. Transactions were comparatively light and about divided in both Sears and Montgomery Ward, although share volume on buying side considerably outweighed that of the selling. The only concentrated liquidation was in H. L. Green, two managements disposing of a total of 8,000 shares.

Buying of Motors

As noted earlier in the survey, leading motor shares were well received during the quarter. Nine funds acquired a total of 40,400 shares of General Motors, two making initial purchases; 2,400 shares were sold by three other trusts, one of which completely eliminated the stock from its portfolio. Chrysler was liked by six companies, three of which made new portfolio commitments. Additions of 16,500 contrasted with one elimination of 1,000. Seven managements also bought 31,300 shares of Studebaker, three of which had not held this issue at the beginning of the year. One small block of 100 shares was sold. Three trusts also made initial purchases of Libbey-Owens-Ford Glass amounting to 14,800 shares while a fourth lightened its holdings by 5,000. Selling was directed at Thompson Products, a total of 3,600 shares of which was disposed of by four managements. A single acquisition of 2,000 shares was made by another company. One portfolio decrease and two eliminations accounted for the sale of 2,400 shares of Bendix, although there was an offsetting initial commitment of 1,000 shares. 1,200 shares of Borg Warner were also eliminated from the holdings of two trusts.

Airlines

Eastern Airlines, only air transport to be liked in the last three months of 1951, was again regarded with favor as six managements acquired a total of 13,200 shares, one making a new purchase. Three sales equaled 5,700 shares. Two initial commitments were also made in Northwest Airlines amounting to 9,900 shares. It is of interest to note that the Dreyfus Fund placed Northwest 4.6% cumulative convertible preferred in the equity section of its portfolio stating as explanation that it is "now selling above its straight investment value as a preferred stock." Selling of the transport issues was featured by two portfolio decreases and three eliminations of stock of United Airlines. Sales equaled 6,700 shares offset by three trust acquisitions totaling 16,329 shares; a portion of this represented stock received in conversion of the 4½% preferred. Pan American Airways also was lightened in the holdings of two funds and eliminated from the investment list of another. Sales of 7,800 shares contrasted with one purchase of 2,000 shares.

Aircraft and parts manufacturers were better regarded than in the latter part of 1951 as four managements added to holdings of United Aircraft, three increased their investments in Lockhead and two purchases were made of Boeing, one of which represented a new commitment. Acquisitions totaled 2,700 shares, 4,500 shares and 500 shares respectively. Fundamental Investors and Investors Management Fund together with total sales of 18,000 shares eliminated United Aircraft from their portfolios.

Enthusiasm cooled off somewhat for the natural gas issues during the period, although purchase transactions were more than twice sales. American Natural Gas, El Paso Natural Gas, Texas Eastern Transmission Corp. and United Gas Corp. were each acquired by three managements. 16,500 shares, 32,900 shares, 4,763 shares and 18,600 shares respectively were added to portfolios. As mentioned earlier in this survey, buying of Texas Eastern was stimulated through the exercise of rights. One of the purchases of El Paso Natural Gas represented an initial commitment. Another new acquisition and an addition to stock already held were made in Southern Union Gas. There was no concentrated selling in this group.

The tempo of buying in the textile issue also slowed down in the current quarter as compared with the previous period. American Viscose, remained the most popular issue, six trusts buying 16,600 shares, one of which represented an initial purchase. There were two sales totaling 1,600 shares. Three managements also liked Industrial Rayon, acquiring 4,500 shares. Liquidation was absent in this stock. No individual issue in the group was singled out for selling; although there were three sales of Burlington Mills equaling 33,400 shares, they were counterbalanced by three purchases but in lighter share volume.

Tobaccos were well-liked, as during the last three months of 1951, but Reynolds traded places with Philip Morris as one of the issues favored by purchasers. A dozen managements acquired the stock of American Tobacco, although part of this activity was stimulated by rights. Additions equaled 48,900 shares, three of which were new commitments; there were no sales. Three funds bought 2,300 shares of Liggett and Myers and the same number of trusts purchased 15,600 shares of Reynolds, one adding this tobacco for the first time in the current quarter. A block of 4,500 shares of Reynolds was eliminated from another portfolio.

Among major finance companies, buyers favored C.I.T. Financial Corp., but bears had slightly the upper hand in Commercial Credit. Four managements liked C.I.T., one making a new commitment. Purchases totaled 2,700 shares as against two sales of 1,500. In contrast, there were two portfolio eliminations and one decrease of Commercial Credit stock amounting to 17,400 shares, offset in part by two acquisitions totaling 2,300 shares. Two trusts also bought 5,200 shares of American Investment Co. of Illinois.

Interest in the shares of commercial banking institutions continued the gradually increasing trend evidenced in the latter part of 1951. Marine Midland was top favorite, three managements making new purchases and a fourth adding to existing holdings amounting to 16,800 shares. Bank of Manhattan and National City Bank of New York, most popular issues of the previous quarter, were again each bought by three funds, two making initial commitments in the former financial institution. Acquisitions of Manhattan stock equaled 25,500 shares and of National City, 17,500 shares. Three trusts also bought 4,750 shares of Guaranty Trust of New York while there were two purchases each of Irving Trust, First National Bank of Chicago, Bank of America and Bankers Trust of New York. In addition to stock received as a 25% dividend there were two additions to portfolios totaling 1,500 shares of Continental Illinois National Bank and Trust of Chicago. Several other scattered individual purchases of bank shares

were made as well as of insurance stocks.

In the office equipment category there were three purchases each of Addressograph and Burroughs with single offsetting sales. Among the rubber issues, 10,100 shares of Firestone were added to five portfolios, but three trusts sold 4,500 shares of U. S. Rubber. Buyers and sellers were almost evenly matched in Goodrich, while the latter had slightly the upper hand in Goodyear. Columbia Broadcasting "A" was well liked, three managements making a new commitment and a fourth adding to existing holdings. The "B" stock was also bought and total purchases of both classes equaled 80,000 shares. Twentieth Century-Fox and United Paramount Theatres were each eliminated from two portfolios and lightened in a third.

American Smelting and Refining was the least popular issue in the non-ferrous metal group. Seven managements disposed of 5,200 shares, one eliminating the stock from its portfolio. Two other trusts added 14,200 shares. Aluminium, Ltd. and Aluminum Co. of America, both of which were top favorites in this group during the previous quarter were sold on balance in the period under review. Three funds lightened holdings of the Canadian company and two others cleaned the stock out of their portfolios, total liquidation amounting to 18,300 shares. Some of the stock disposed of had been received as dividends in the last three months of 1951. Four managements also sold 3,800 shares of Aluminum of America. Kennecott Copper continued to be liquidated as five trusts sold 7,000 shares, one eliminating the metal company from its holdings. Two small purchases totaled 300 shares. Hudson Bay Mining and Smelting, U. S. Smelting and Refining and Consolidated Mining and Smelting of Canada (excluding new stock received in the five-for-one split-up) were all sold on balance. Climax Molybdenum and Howe Sound were the only two non-ferrous metals favored by buyers. Three managements acquired a total of 32,800 shares of Climax, two making initial commitments.

As noted in the beginning of this survey, the steel issues encountered a fair measure of bearish sentiment. Both United Steels and Bethlehem, which had been well bought in the last three months of 1951, were sold by six investment companies, two of which completely eliminated the former from portfolios and four, the latter. 74,500 shares of "Big Steel" were liquidated and 17,500 of Bethlehem. Jones and Laughlin and General Refractories were also unpopular. In marked contrast to the attitude toward these issues, Republic Steel continued to be bought (as three months earlier) four trusts acquiring 10,300 shares, one making a new commitment. National Steel was also added to two portfolios.

Opinion was about divided in the oils as activity decreased about 10% from the previous quarter. Standard of California was the favorite issue, seven managements acquiring 19,600 shares. With 6,400 shares added to five portfolios, Mid-Continent Petroleum was the next most popular stock. There were no selling in either of these oils. Four managements each bought Cities Service (top favorite three months earlier), Ohio Oil, Shell and Socony Vacuum. Also liked were International Petroleum, British American Oil and Texas Pacific Land Trust. Texas Co. bore the brunt of concentrated selling, seven funds disposing of 13,081 shares. Gulf Oil and Amerada were each sold by five trusts.

Transactions in Amerada are of particular interest because of its outstanding market performance and the wide investment company acceptance. Selling, which totaled 3,300 shares, consisted of 500 shares by American European Securities, 100 by National Shares Corp., 400 by National Investors, 100 by Commonwealth Investment and 2,200 by Massachusetts Investors Growth Stock Fund. Largest acquisition, interestingly enough, was made by Massachusetts Investors Trust which added 3,000 shares. Other purchases were one of 1,800 shares by Lehman Corporation and a pair of initial commitments of 500 shares each, made by Axe-Houghton "A" and "B."

Other oils sold on balance were Continental, Union of California, Atlantic and Humble. Building stocks, about evenly divided between buyers and sellers, were represented on the plus side by Johns-Manville, American Radiator, Armstrong Cork and U. S. Plywood. Selling was concentrated in National Lead, Certain-teed and Crane.

With Stone & Youngberg

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Charles H. Watt is now with Stone & Youngberg, Russ Building, members of the San Francisco Stock Exchange. He was previously with Crowell, Weedon & Co.

Continued from page 13

Prospective Mortgage Supply and Interest Rates

during the war years and in 1945 amounted to $19,653,000,000. Then began the great postwar increase in mortgage supply; in 1946 residential mortgage debt increased 4.8 billion, and by the end of 1951 had reached the tremendous total of $53,000,000,000. By the end of this year the amount of mortgage debt outstanding will have increased more than $38 billion since the end of the war, or almost twice the total outstanding mortgage debt in 1945.

With this as a background, let us turn to the longer term outlook for the mortgage supply. Basically this supply is dependent upon the housing outlook, and no matter how you look at it the demand situation in housing has weakened considerably in the last two years. The demand for new homes is basically dependent upon (1) demographic factors; (2) income.

During the depression of the thirties incomes were relatively low; consequently marriages were postponed and baby production was off substantially. New household formation reached a low of 259,000 in 1933 and for the decade of the thirties averaged about 500,000. With the outbreak of war and the operation of the draft an additional backlog of family formation resulted from the postponement of marriages; furthermore, what wartime marriages took place resulted in "doubling up" with other families.

With the end of the war, the maintenance of incomes at record levels, the accumulated high personal savings, and the excessively easy credit terms applied by the government to housing, marriages and baby production boomed and undoubling proceeded at a record rate. New households formed soared to a peak of 1,531,000 in 1948 and averaged close to 1,500,000 from 1947-49, completely overshadowing new housing starts which averaged below 1,000,000 units. Based upon the experience of the full employment 20's and the present age structure of the population, new household formation should have averaged about 750,000.

Soon, therefore, the marriage boom and the undoubling began to catch up with the accumulated backlog of depression and wartime, and household formation in 1950 began to decline. By 1951 it had declined to about 1,000,000 and in 1952 is estimated at about 800,000. During these latter years new housing starts have substantially exceeded new households formed, and the backolg of demand has been steadily whittled away.

By the end of the year the backlog for housing will have disappeared, and housing will again be dependent primarily upon current economic factors, and as such much more vulnerable. The outlook for these factors beyond this year is not favorable. As far as marriages are concerned, we are entering the period when the depression period of low birth rates will be felt. There will be far fewer persons of marriageable age in 1953-1955. As a result new household formation is estimated to decline to a low of about 550,000 by 1955. General business activity and incomes, moreover, are likely to decline from 1952 levels. Consequently, a cyclical decline in residential housing appears likely extending into 1955, and with it a period of less activity in the transfer of homes. The mortgage supply outlook over the next several years, therefore, appears to be one of considerable decline from recent high levels. With monthly amortization and payoffs applying to a record high outstanding mortgage debt, and with new housing starts reduced, the net increase in mortgage debt outstanding could shrink sharply from recent levels.

In summary then as to the near term outlook, mortgage supply should continue ample, but the longer term outlook appears to be for a substantial shrinkage.

Interest Rates

Now, as to the level of interest rates, let us briefly look at the near term outlook and the longer run outlook. With the Federal Reserve in March, 1951 ceasing to peg government bonds at artificial levels, market forces took over and caused a substantial rise in interest rates. In the first period from the unpegging to the end of June the yield on long term governments increased from 2.41% to 2.68%. In the same period new "A" bond issues increased from a level of about 2.90 to 3.62. In the second period July-September, the market strengthened and interest rates declined quite sharply; governments declined to a 2.57 basis and A corporates declined sharply to 3.12.

In the third period, October-December 1951, interest rates on governments rose above the June level to a 2.75 basis, but new A utility bonds reached a level of 3.55, short of the June peak. In the last period, January 1952 to date, the interest rate on governments has declined to a 2.57 basis (the level of last September) and on new A utilities to a 3.25 basis. During this entire period interest rates on direct placements rose substntially, and the rate on the highest grade credits reached a 3¾% level. Recently there has been a tendency for this market to soften somewhat in interest rate.

So much for the behavior of interest rates to date. What of the near term outlook? The demand for funds in 1952 is high and more than ample to absorb the expected continued high volume of consumer saving. Hence the outlook for interest rates for the near term is fairly satisfactory from our standpoint. Demand for new mortgages, as has already been indicated, gives promise of being substantially greater than estimated earlier this year. The volume of new plant and equipment expenditures will rise to a new all time peak this year, and this coupled with refunding of short term liabilities should give rise to net new bond issues in 1952 as large as in 1951.

The longer term outlook, that is, over the next several years, is not so sanguine. As a result of the stimulus of the Korean War and the defense program added to an already high level of private capital formation, we have been engaged in an investment boom which has been excessive in terms of the requirements necessary to take care of depreciation and obsolescence, population growth and a normal increase in the standard of living. New orders for capital goods have fallen substantially below the level of production in the past few months, and if this trend continues, a cyclical peak in capital goods activity should be reached in the latter part of this year, despite the defense program.

Such a decline coupled with evidence of a cyclical peak in housing and consumer durables could well represent an overall cyclical turning point for business. In such an event the demand for funds would decline materially in relation to supply, and a lower level of interest rates would ensue.

Mortgage interest rates, since they were sluggish in reflecting increase in interest rates, will probably be somewhat sluggish in any decline in general interest rates. Such a decline would be reflected first in better market reception of GIs and FHAs. There is already some evidence that this is taking place to some degree. This longer term outlook for lower interest rates should not be confused with a long-term downward trend in interest rates. A number of people feel that our economy will not be able to generate sufficient investment outlets over the next decades to absorb the level of savings of our economy and that consequently interest rates will trend downward over the next 10-20 years. I do not agree with this long run outlook; the supply of savings in our economy has shown no tendency to increase over the long-term relative to income, and the tremendous research expenditures of our economy should result in a continued long-term growth in output requiring large investment. I don't believe a trend either upward or downward can be discerned over the long-term but rather a fluctuation within the range experienced in the past fifteen years. The longer term outlook for lower interest rates to which I referred above is the cyclical outlook for the next 2-3 years, not the secular outlook for the next 10-20 years.

C. H. Adams Takes Up Duties With SEC

WASHINGTON, D. C.—Clarence H. Adams has assumed his duties as a member of the Securities and Exchange Commission. He succeeds to the vacancy created by the resignation of former Chairman Harry A. McDonald, for the remainder of the term expiring June 5, 1956.

Clarence H. Adams

At the time of his appointment, Commissioner Adams was privately employed as a consultant in securities and investments. Previously he had served for 19 years as Director of the Securities Division of the Connecticut State Banking Department and as Director of Fraud Bureau and Assistant to the State Banking Commissioner. During this period, he served one term as President of the National Association of State Securities Administrators.

Prior to his association with the State Banking Department in Connecticut, Commissioner Adams was employed by the York County Trust Co., of Ogunquit, Me., and later was a partner of the brokerage firm of Fuller, Richter, Aldrich & Co. of Hartford. More recently he has served as Vice-President of the National Association of State Small Loan Supervisors and as President and General Manager of Guardian Credit Corporation, Hartford.

Frank Sassa Joins W. E. Hutton & Co.

Frank H. Sassa has become associated with W. E. Hutton & Co., members of the New York Stock Exchange, in the trading department of their New York office, 14 Wall Street. Mr. Sassa was formerly with G. H. Walker & Co. in the unlisted trading department.

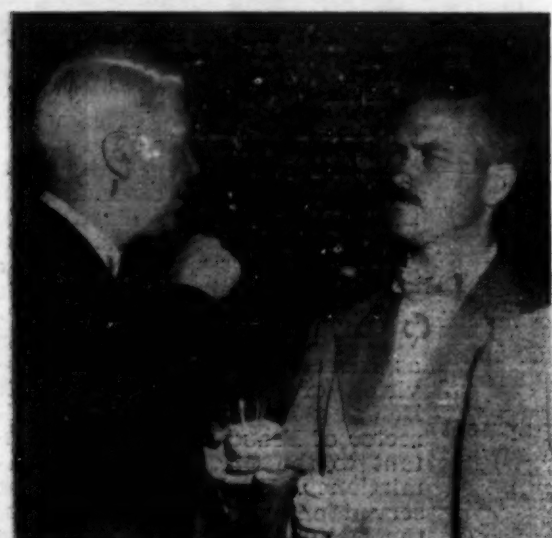
National Federation of Financial Analysts Societies

Officers of the Federation for 1952-1953: Samuel B. Jones, *Fire Association of Philadelphia*, Executive Vice-President; Kennard Woodworth, *Eaton & Howard, Incorporated*, Boston, Secretary-Treasurer; Richard W. Lambourne, *Dodge & Co.*, San Francisco, President; Pierre R. Bretey, *Baker, Weeks & Harden*, New York City, Retiring President

Paul A. Pflueger, Jr., *Fireman's Fund Insurance Co.*; Philip J. FitzGerald, *Dean Witter & Co.*, San Francisco, Chairman of the Program Committee; William F. Edwards, *Dean of College of Commerce, Brigham Young University*, Utah; Harry D. Comer, *Paine, Webber, Jackson & Curtis*, New York City; Lucien O. Hooper, *W. E. Hutton & Co.*, New York City

Pierre R. Bretey, *Baker, Weeks & Harden*, New York City (Retiring President of the Federation); William P. Held, *J. S. Strauss & Co.*, President of the San Francisco Society; Benjamin Graham, *Graham-Newman Corporation*; Kennard Woodworth, *Eaton & Howard, Incorporated*, Boston (Secretary-Treasurer of the Federation); Jeremy C. Jenks, *Cyrus J. Lawrence & Sons*, New York

Horace W. Brower, *Occidental Life Insurance Co. of California*, Los Angeles; Richard H. Samuels, *Continental Casualty Company*, Chicago; Fred H. Merrill, *Fireman's Fund Insurance Co.*, San Francisco; Samuel B. Jones, *Fire Association of Philadelphia*; Shelby Cullom Davis, *Shelby Cullom Davis & Co.*, New York City



Frederick B. Whitman, *Western Pacific Railroad Company*; Lancaster M. Greene, *Lancaster & Norvin Greene*, New York City

Louis Chess, *Southern Pacific Railway*; Pierre R. Bretey, *Baker, Weeks & Harden*, New York City; Daniel J. McGanney, *Southern Pacific Railway*

John D. Fennebresque, *Celanese Corporation of America*; Bruce R. Carlson, *Stein, Roe & Farnham*, Chicago; Paul L. Davies, *Food Machinery & Chemical Corporation*, San Jose, Calif.; Jeremy C. Jenks, *Cyrus J. Lawrence & Sons*, New York City

Mrs. and Mr. Kenneth C. Christensen, *Pacific Gas and Electric Company*

Ronald E. Kaehler, *President of San Francisco Stock Exchange*; Mrs. Kaehler; Mrs. and Mr. Brooks Darlington, San Francisco

Albert P. Squire, *New York Institute of Finance*; W. G. Paul, *President of Los Angeles Stock Exchange*

Fifth Annual Convention in San Francisco and Los Angeles

Walter K. Gutman, *Goodbody & Co.*, New York City; John D. Fennebresque, *Celanese Corporation of America*; Albert E. Schwabacher, Jr., *Schwabacher & Co.*, San Francisco; J. D. Zellerbach, *Crown-Zellerbach Corporation*

W. T. Dennis, Chef; T. G. Hughes, *Oronite Chemical Company*; Warner L. Taylor, *H. C. Wainright & Co.*, Cleveland; Howard G. Vesper, *California Research Corp*; Sam B. Jones, *Fire Association of Philadelphia*; Elmer R. Peterson, *Standard Oil Co. of California*; Ted Poage, Assistant Chef

Presidents of the Boston Security Analysts Society: Kennard Woodworth (1946-48); Evan V. Shierling (1948-49); George M. Hansen (1951-52); George M. Shannon (1949-50); E. Linwood Savage, Jr. (1950-51)

G. Keith Funston, *President of New York Stock Exchange*; Jean C. Witter, *Dean Witter & Co.*, San Francisco; Elmer Peterson, *Standard Oil Company of California*; Philip J. FitzGerald, *Dean Witter & Co.*, San Francisco

John L. Witter, *Dean Witter & Co.*, San Francisco; Mrs. Nathaniel Chadwick; John S. Piper, *Financial Editor, San Francisco News*; Nathaniel Chadwick, *E. F. Hutton & Company*, San Francisco

Philip J. FitzGerald, *Dean Witter & Co.*, San Francisco; Rear Admiral Bertram J. Rodgers, *Commandant 12th Naval District*, San Francisco; Lt. General Joseph M. Swing, *Commanding Headquarters 6th Army, Presidio*, San Francisco; Jean C. Witter, *Dean Witter & Co.*, San Francisco

Grant Webb, *The Analysts Journal*; James B. Black, *Pacific Gas & Electric Company*; Mrs. Richard W. Lambourne; Mrs. and Mr. John G. Eidell, *Shuman, Agnew & Co.*, San Francisco

Immediate foreground with badge; Howard G. Vesper, *California Research Corp.*; directly above Mr. Vesper: Elmer R. Peterson, *Standard Oil Company of California*

Frank Ginberg Joins Morris Cohon & Co.

Frank Ginberg

Frank Ginberg is joining Morris Cohon & Co., 42 Broadway, New York 4, N. Y. in charge of their trading department. Mr. Ginberg formerly conducted his own investment business in New York as Frank Ginberg & Co. Prior thereto he was a partner in Strauss Bros.

FIC Banks Place Debs.

A successful offering of an issue of debentures of Federal Intermediate Credit Banks was made last month by MacDonald G. Newcomb, New York fiscal agent for the banks. This financing consisted of $102,115,000 2% consolidated debentures dated May 1, 1952 and due Feb. 2, 1953. A special offering was also made of $7,000,000 1.85% consolidated debentures dated May 1, 1952 and due Aug. 1, 1952.

Of the proceeds, $58,995,000 was used to retire a like amount of debentures maturing May 1, 1952 and $50,120,000 is "new money."

In March, last, a successful offering of $101,645,000 2.15% debentures was made, the proceeds of which were used as follows: $63,265,000 to refund a like amount of debentures due April 1, 1952, and $38,380,000 for "new money." In Feb. 1952, the FIC banks sold $111,245,000 of 2.15% bonds and used part of the proceeds to refund $75,580,000 of bonds which matured on March 3, 1952, the remaining $35,665,000 being added to working capital.

As of the close of business on May 1, 1952, the total amount of debentures outstanding amounted to $31,235,000.

With Reynolds in Elgin

ELGIN, Ill.—Jerrold T. Kelly is associated with Reynolds & Co., in their Elgin office, Tower Building. In the "Financial Chronicle" of May 1, it had been reported that Mr. Kelly was connected with the firm's office in Chicago.

With Eckhardt-Petersen

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Walter F. Mayer has become associated with Eckhardt-Petersen & Co., Inc., 1811 South Broadway, members of the Midwest Stock Exchange. He was formerly with Reinholdt & Gardner.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Dividend payments of corporations for the current year are not expected to reach the record level of 1951.

Corporation dividends have been trending upward almost steadily since 1942. Now, however, there appears to be a number of factors which indicate that payments are leveling off and may possibly show some declines.

For the first quarter of 1952 cash dividends paid by American corporations were approximately 6% above those of the same period a year earlier. One reason for this gain may have been the fact that a number of corporations for tax reasons, shifted year-end payments to the first quarter of 1952 as December dividend payments were approximately 12% below those of December, 1950.

It is not considered likely that this gain in disbursements will be maintained throughout the year. Some of the major reasons for the belief are:

(1) Corporate profits for the first quarter of the current year, with few exceptions, show substantial decreases from those of the similar period of 1951.

In a tabulation prepared by the National City Bank of New York on the operating results of 515 companies for the first quarter, there was a decrease of 13% in net income as compared with the initial quarter of 1951. The trend was also down from the fourth quarter of last year as net income was 14% lower in the first quarter of this year.

Experience varies widely among the different industry groups and for different reasons. Sales volume has declined in some lines, due to governmental policies on slackening in consumer demand, and with high and inflexible operating costs, the loss of revenues has caused a sharp decline in net earnings.

Another factor in the lower net income of some industry groups has been the effect of rising costs against fixed selling prices. There are also a number of other reasons such as the shift of output from civilian to military products with lower margins, increased depreciation charges and higher interest expense.

(2) A second reason to expect lower dividends this year is the cash position of corporations generally.

With earnings in a downtrend corporations will not generate as much cash from this source as in the last few years. Then as capital outlays for expansion of plant already planned are expected to stay near the record rate of the last few years, the drain on cash resources from this source will be a continuing one.

Cash resources will be further squeezed by tax payments. Under the Mills Plan corporations must pay 70% of their tax liability in the first half of the year. In the first half of 1953 the necessary accrual will be even greater.

The combination of these factors, lower earnings and a decline in cash resources, will be dominating considerations in the determination of future dividend policies of corporations.

This is not to imply that there is to be a general reduction in dividend payments. The percentage paid out in recent years has been conservative amounting to about 50% of net earnings and most companies have maintained strong financial positions. The point is, however, that the pressure of economic conditions will be toward lower dividend payments in the period immediately ahead.

There are a number of reasons why this general conclusion does not necessarily apply to the dividends of fire insurance companies.

(1) In the first place underwriting earnings of this group are expected to be somewhat better than in 1951.

Although fire losses continue to show increases, higher premium volume should enable the companies to offset the higher costs. In other lines, recent and prospective rate adjustments may permit a better underwriting experience.

(2) Investment earnings should be well-maintained and, depending upon the investment policy of a particular company, may possibly show some increase.

Premium volume should show a substantial increase for the year. Although most companies do not issue interim reports, The Glens Falls Insurance Company in the first three months of this year reported a gain of 19.7% in premium writings over the similar period of a year ago. This is believed to be indicative of the trend in the industry.

With a gain in premiums the companies will have a larger volume of funds available for investment. These funds can be employed in fixed income securities which yield considerably more than a year ago or used to buy equities which provide attractive returns.

In any event, the larger volume of invested funds should enable most companies to more than offset any loss of income resulting from lower dividends on common stock holdings. As equity holdings of most insurance companies represent less than 50% of security holdings and as the stocks held are conservative issues, the loss of income from reduced dividends should be minor.

Taking these factors into consideration it appears likely that underwriting earnings will compare favorably and investment income may show some gain for the year.

As dividends paid by insurance companies are in large part determined by investment results, there is no reason to expect lower payments. Cash resources are not a problem as they are with manufacturing companies so there is no reason to limit payments on that score.

It may be that if conditions improve with the underwriting phase of the business, some increases in payments may be made at the end of year. However, the current dividend payments made by insurance companies are conservative and are expected to be at least maintained in the period ahead.

Midwest Exch. Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to membership P. A. Walters, Stone & Webster Securities Corp., Chicago, Ill.

Green Inv. Co. Formed

SALEM, Ohio—The Green Investment Co. has been formed with offices at 171 South Broadway, to engage in the securities business. S. L. Greenberger is President.

Continued from page 4

Television Outlook Better

amend their applications and any new applicants are to submit theirs.

The general procedure will be on a channel by channel basis—in other words, each applicant indicates the channel he wants. If no one else asks for that particular channel up to the day before the Commission's action, he is eligible for a grant without a hearing. If two or more apply for the same channel, a hearng is set. The order of priority in which applications and hearings will be handled is that they will give the highest priority to the biggest cities now getting the least service and to those cities in which UFH will provide the only new service. Major "no service" cities, such as, Portland and Denver, obviously will be given top priority.

We people here in the West have seven out of our eleven Western States that have no television service whatsoever, and with only one station in the important states of Washington, Arizona and New Mexico, two in Utah, six in Texas and eleven in California, which certainly indicates that the West is entitled to get top priority action on the various applications in this area.

A detailed analysis of this new allocation is included in a fact booklet which we will pass out at the end of our discussion because I am sure you are interested in what may happen in your own community as well as the general picture in the United States.

Present Television Use

At the present time, 26,565,000 homes, or 60% of the 44,167,000 homes in the United States, are in the 60 mile television signal area. 40% of the population do not have a television signal. To break this down still further, 70% of the population east of the Mississippi have television service whereas only 43% of our population west of the Mississippi have television service.

As of Feb. 1, 1952, there were 16,129,000 television sets sold, or an overall penetration of about 60%, with 13,000,000 of them east of the Mississippi and 3,000,000 west of the Mississippi. About one family in two have television sets east of the Mississippi and only one family in five have television sets west of the Mississippi.

It would appear that the development of increased sales and higher production will be gradual over the next two years. It is my opinion that industry sales in 1952 will be approximately 10% above those of 1951, or in the neighborhood of 5¾ million sets, with that figure going to 6½ or 7 million in 1953 and 8 to 9 million sets in 1954.

In addition to the above, there are 7,000,000 sets, or 45% of the total, that are 16 inch or smaller and represent an immediate replacement market, with a replacement figure of 3 to 4 million per year. This would only mean 3½ million new sets sold in 1952, 4 million in 1953 and 6 million in 1954, or a total of around 30 million at the end of 1954. With 102 million radio sets (one for every person above voting age in the United States), 36 million refrigerators, and 36 million automobiles, that looks like just a good start.

Regarding Recent Decision of FCC

I would like to answer some quick questions that have been asked me regarding the recent decision of FCC:

(1) Will my present set become obsolete because of the opening of the UHF band for telecasting?

The answer is "no." The sets that are now on the market will not be made obsolete by this new ruling. Practically all sets have been adapted to receive programs telecast on the ultra high frequency as well as the present very high frequency. They can be adapted either through an external adapter or by changing the tuning strip in the tuner. The cost of such conversion with the turret type tuner, such as our company uses, is less than $10.00 and the external converter runs in the neighborhood of $25.00 to $40.00.

There will undoubtedly be a combination UHF-VHF set announced this coming fall. The cost of the complete dual type sets will be higher and due to the fact that the present designs are so flexible, it is my opinion this market will be very limited until such time as we can bring the cost down to a more moderate difference between the combination VHF-UHF and present sets.

(2) Many people have asked what size town can support a telecasting station.

It is the opinion of some of the people in the broadcasting end of the business that any community that can support a newspaper with 500 to 750 thousand dollars billing per year can support at least one television station.

Constantly improved programming will be a by-product as more and more stations go on the air. It also should reduce the sponsors' cost per customer. I hope also, through the competitive system, it will eliminate the five and six continuous commercials we have on some one-station towns.

There will be no problem on securing the necessary materials to put the new stations on the air. Requirements of transmitters, studio equipment and antennas for 1952 can be met from manufacturers' current inventories. There are some 28 transmitters that have already been delivered to prospective broadcasters and there are an additional 20 more in manufacturers' stocks with 154 in process.

The lifting of the ban will not mean a great number of stations this year and it is estimated that less than 20 new stations will get on the air in 1952, and most of these in smaller communities. Unfortunately the larger markets will be aggressively sought after and will consequently go to hearings. It may very well be however, that there will be some mergers before this log-jam is encountered.

FCC has stated that they have only seven examiners for these hearings and each examiner normally processes three hearings per year. So unless something is done to accelerate the movement of this heavy bureaucratic machinery, it will take three to four years to get permission to give the remaining 40% of the people in the United States full television service.

It is most difficult to make an educated guess as to how many new stations will go on in 1953, 1954 and other years. However, it is my opinion that we should get somewhere in the neighborhood of 100 to 150 stations in 1953, with double this amount in 1954.

There is no question but what more and more shows will be on film, particularly where the transmission costs are not justified by the market coverage.

Hollywood has been the capital both of the motion picture and entertainment world and with the impact of these additional stations, there is no question but

that it will become the capital of the television business.

Television Versus Newspapers And Movies

Another factor that is becoming increasingly apparent as evidenced by the rushing in of applications for channels by the newspaper people, the motion picture concerns, sound broadcasters and others, is that television is a partner, not a competitor.

According to a survey recently completed by N. W. Ayer & Son, they stated that the gloomy predictions that television would cut heavily into newspapers, magazines and radio and threaten the very existence of sports, movies and other recreations has not proved true. Nearly all are enjoying good years—many hit an all time peak in 1951 as the novelty of television wore off. Newspapers not only held their record circulation in 1951 but gained twice as many dollars in total advertising revenue since 1947 as were spent on all television advertising in 1951. Circulation gains were the same in television as in non-television areas. Television families buy more magazines — magazine advertising revenue broke all records in 1951.

There are now 102 million radio sets in the United States, or one radio set for every American of voting age. Advertising revenue on radio climbed from 314 million dollars in 1946 to 485 million dollars in 1951. Radio production itself has been the greatest since the advent of television of any year with the exception of 1946.

Good movies are bringing in good crowds and while some theatres have closed their doors, more than 3,000 new drive-in theatres have opened since the birth of television.

Sports have largely held at postwar attendance gains. Major league baseball clubs that televise regularly had a gain of 234,169 admissions in 1951 over 1950, while those reducing or eliminating television showed a loss of 1,485,000 admissions.

Professional football, racing and boxing all showed gains — only minor league baseball showed serious loss, about 20%, which could not be due to television because only about 40 out of 300 clubs are in television areas.

The time is too short today to try to cover all of the potentialities of the future of television. It is somewhat like the old saying, "It is hard to lie fast enough to keep up with the truth." However, there are a few things that are rather apparent that we may look forward to.

The sale of television sets will closely follow the sale of radio sets with the exception of course of automobile TV. We will have the second set in the home and possibly the third and fourth sets in many homes as the variety of programming expands and each person in the household wants to view his favorite. We will have portable television sets.

We intend to continue to improve our quality and reduce our cost wherever possible. Today we are selling a 21-inch table model television set from $350 to $375 as compared to a 10-inch set in 1947 for $475, and the 1952 set is a better set electrically and gives four times more picture area. Compare that, if you will, to the price of a Ford car in 1947 with that of one today.

The industry has been quick to pass to the public the improvements and cost reductions coming from our laboratories. This has puzzled many people; however, I would like to call your attention to the fact that repossessions of television sets are the lowest of any articles in the appliance business.

Television sets are requiring much less service than the original sets and are coverng wider areas. With our own particular set, we are getting regular signals, both day and night, in areas as far away as 200 to 225 miles from the transmitter, which a year ago was thought completely impossible. As a matter of fact, one of the noise rejection circuits that we developed for some of our military work is used in our set.

There is a physical limitation to the size of a direct viewing tube and we may be close to that limitation. It may be that the industry will go in the direction of a new type of projection television when we reach the ultimate in direct viewing. However, a forecast of this nature is strictly speculation at this time.

Television in Industrial Applications

There will be wide usage for television in industrial applications wherever controls are needed and enough has been done in this direction to indicate a wide market.

Television also offers much in the way of industrial intercoms where you can see the person that you are talking to.

Television was the keystone of civil defense in England during World War II and can be used for the same purpose here.

Many uses for television are developing in the military, such as, radar control planes flying over enemy locations and telecasting enemy positions. The Navy is working with television for various submarine usages. The transistor will play a big part in the future development of television as well as electronics but I would like to caution you not to expect this too soon because I think it has been over-publicized to date. Its present usages are quite limited and most of the transistors that are made will go into military applications in the early stages of development.

There is another technical development—magnetic amplifiers—which promises much for all electronic usage.

We believe that we can expand the range of both the transmission of telecast programs and the reception of telecast programs. We have gone from 100 to 200 miles during the last three years and it is conceivable that we can go still further.

The use of television for sales training and sales meetings has already been tried and found to be exceedingly effective and this is a place where modern communication methods should be used.

The use of television in the medical profession is one that has also been well illustrated with the telecasting by national hookup of delicate brain surgery. As a matter of fact, the entire field of education is one that can be helped by the use of television. It is rather interesting that only 20% of our population above 25 has a high school education, 7% have gone to college and 5% are graduates of college. Television certainly offers a great opportunity for these people to expand their knowledge in any field from languages to physics, as well as covering any hobby in which there is widespread interest.

TV Educational Applications

FCC has recognized the great potential of education by television by granting channels to educational institutions and even though most people in the industry felt that the commercial stations should handle this public service rather than burden the colleges and universities with the financial expense of transmitting equipment, studio equipment and all the expensive auxiliary cost, I am sure that the industry is sympathetic with the objective and will help wherever possible.

Television has already changed the social habits of the home that has television. It has helped the furniture industry because people become more furniture conscious by staying at home more. It has united the family with common interests. In many homes it has changed the method of eating in the home and reduced the amount of eating out.

There is hardly any business in the country that has not been affected either directly or indirectly by the advent of television. Even the streetcar companies in Los Angeles complain that television makes people stay home more at night and consequently not come to town as much.

Television can very easily elect the next President of the United States and it can on the other hand defeat a potential President. Television can be an unparalleled blessing to the voter. The phonies, the stuffed shirts, the liars and crooks will have to look the the cameras straight in the eyes and talk fast. We will see the politicos as they are, warts and all. If, after so stringent a test, the political hacks survive we have only ourselves to blame.

It is significant that our greatest single diplomatic victory was achieved at the Japanese Peace Conference meetings here in San Francisco. I am sure that Atcheson and the other people that participated in this Peace Conference were quite cognizant that 25 million people were looking over their shoulders and I am equally sure that this had a very definite effect on strengthening our position.

I would like to pay tribute to our telecasting group in Los Angeles and San Francisco for the outstanding job of public service that they did on the Japanese Peace Conference, the MacArthur return and the recent atomic explosion in Nevada. This was a brilliant example of people in a highly competitive industry uniting in order to render a better public service.

Yes, the outlook for television is exceedingly bright, not only in the manufacturing end but in the programming and telecasting end as well. It is a great challenge, as well as opportunity, to see that television in all of its phases is used to create a better informed public and a better educated public with a high level of fine entertainment coming into our homes daily. Certainly the second half of the Twentieth Century is truly the electronic age.

Stock of Albert Black Television Offered

Royal Securities Corp. is offering, as a speculation, 1,998,000 shares of Albert Black Television Productions Inc. common stock at 15 cents a share.

Proceeds will be used to provide the corporation with working capital and for the expansion of the corporation's operations.

Albert Black Television Productions, Inc. has set up a program to produce tele-films to help meet the unlimited demands of the ever-growing market for television films. An indication of the potential market is that the average television station is on the air for more than 14 hours per day.

As funds are made available, the corporation proposes immediate production of a series of television films predicated upon properties now owned by the company, exploiting "Drama on Canvas." "Metropolis After Dark," "The Masked Singer," "Carnival of Comedy," and "Jungle Adventures," all of which have been especially and specifically designed for the television field.

Josephthal Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William D. Lippa has been added to the staff of Josephal & Co., 19 Congress Street.

Railroad Securities

Passenger Deficits at New High in 1951

The most recent issue of "Monthly Comment on Transportation Statistics" (dated May 14) put out by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission had some interesting data on passenger operations of railroads as a whole and individual railroads, in 1951. In that year passenger service, which includes mail and other so-called head-end business, showed a net operated deficit of $681.6 million. This was a new all-time high and compared with the 1950 deficit of $508.5 million. In 1950, however, passenger service income was bolstered by roughly $107 million of retroactive mail pay applicable to previous years. Without this the 1950 loss would have amounted to $615.5 million. Even after making that adjustment there would be a sizable increase in the loss sustained last year over that of the preceding period.

Prior to World War II, passenger services had consistently been conducted at a loss, but not of such sizable proportions as those of recent years. Then for four years, 1942-45 when the load factor increased substantially and in many cases ran above 100%, there were profits. Since the war the trend has consistently been toward larger and larger annual deficits. The magnitude of the problem is obvious when it is realized that the passenger service loss last year absorbed just about 42% of the profit from freight service. Net operating income from freight service was well above that for any of the war years, or subsequent periods, but total net operating income was lower than in the 1941-1944 interval and in the postwar years 1948 and 1950.

The passenger losses are computed on the basis of the expense allocation formula prescribed by the Interstate Commerce Commission. Many railroad men find fault with this formula. There is probably considerable merit to this viewpoint—certainly if the passenger train service, including the head-end business, were to be discontinued entirely there would not be an automatic increase of $681.6 million in net operating income, even before Federal income taxes. As a particular example, a portion of roadway maintenance is charged against passenger train operation. In theory this is only fair and equitable so long as the passenger service is continued. However, it is obvious that if the passenger service were to be discontinued by far the major portion of this maintenance work would still have to be continued. Other costs are, of course, more directly allocable to the difference services. By any measure there is no doubt that passenger train service is, on the whole, unprofitable and we have no better means than the Commission formula by which to measure these losses.

As with practically every phase of railroading the impact of passenger service losses varies greatly with the individual roads. Some roads get a much larger proportion of their gross revenues from passenger business than do others. The nature of the service also has an influence on the extent of the deficit sustained. Some roads are saddled with a large amount of short haul commuter business which is a particularly serious problem. Some roads have been highly successful in cutting down on, or even eliminating, branch line and local service, concentrating on through trains where the expense burden is relatively far less onerous. The following tabulation shows the performance of the major roads for the years 1950 and 1951.

	Net Railway Operating Income (In Thousands)			
	Freight Service		Passenger and Allied Services	
Road—	1951	1950	1951 Deficit	1950 Deficit
Eastern District:				
Baltimore & Ohio	$72,650	$65,070	$35,816	$30,927
Boston & Maine	19,937	19,154	15,030	12,201
D. L. & W.	13,601	13,195	5,111	4,147
Erie	31.720	29.702	11,971	10,236
Lehigh Valley	14,149	11,854	3,756	3,453
New York Central	93,878	71,070	54,266	33,966
N. Y., C. & St. L.	25,399	28,399	3,005	3,210
N. Y., N. H. & H.	19,808	20,269	11,918	9,368
Pennsylvania	131,047	92,507	71,688	34,845
Reading	22,068	21,489	8,793	8,532
Wabash	15,387	14,554	5,323	3,159
Pocahontas Region:				
Chesapeake & Ohio	63,654	58,221	14,212	12,342
Norfolk & Western	40.754	37,381	10,799	8,322
Southern Region:				
Atlantic Coast Line	19,259	16,244	9,222	6,427
Gulf, Mobile & Ohio	16,205	14,432	6,645	5,121
Illinois Central	43,565	47,255	12,907	9,586
Louisville & Nashville	41,551	38,947	17,211	12,915
Seaboard Air Line	29,303	24,572	10,118	7,211
Southern	42,094	43,382	14,147	10,449
Western District:				
A. T. & S. F. and affiliated cos.	108,085	101,300	36,472	20,087
Chicago & N. W.	30,570	29,895	23,346	20,762
C. B. & Q.	46,099	47,705	15,988	9,904
C. M. St. P. & P.	39,227	43,479	23,901	21,539
C. R. I. & Pac.	30,676	30,880	13,419	10,945
D. & R. G. W.	15,929	14,430	4,217	4,485
Great Northern	41,741	42,729	18,527	15,296
M-K-T Lines	12,624	13,479	5,448	4,383
Missouri Pac.	35,368	39,411	11,406	7,751
Northern Pac.	28,686	33,113	12,355	10,424
St. L.-S. F.	20,630	22,501	7,987	6,935
St. L. S. W. Lines	10,941	13,306	2,246	2,130
Southern Pack. Co.	83,376	78,075	37,988	30,528
Texas & N. O.	17,924	18,175	6,745	5,198
Texas & Pacific	13,548	12,003	3,638	2,357
Union Pac. and leased lines	78,389	74,848	42,062	30,157

This tabulation highlights one of the reasons for failure of many of the eastern carriers to make a good showing in the postwar era. In the eastern district as a whole the passenger service deficit last year absorbed 49% of net operating income from freight operations, compared with 42% in the western district, 23% in the pocahontas region and 35% in the rest of the southern district.

Continued from page 3

Major Influences in the Government Bond Market

for call in the remainder of 1952. Recent opportunities for call have not been exercised by the Treasury, so it seems reasonable to assume that these bonds will generally not be called, especially since such a substantial volume of deficit financing will be required. Please do not take this as a flat prediction that there will be no calls since I can easily conceive of the Treasury wishing to push some of these maturities out through a medium term financing. But on the other hand, it may seem more convenient to leave these bonds alone at a time when extensive deficit financing is necessary.

All told then, it appears that the Treasury will have to finance about $12 billion in the last 8 months of this calendar year. It is possible that the general fund balance may be down somewhat since it was running over $5 billion on May 1, but, on the other hand, with a rising deficit I should think that the Treasury would wish to keep a pretty large balance most of the time. For working purposes, let us assume that the general fund balance will not be reduced over the period, which means that the entire $12 billion will have to be covered by public debt operations.

Possibilities of Financing from Nonbank Sources

(2) *What are the possibilities for financing Treasury needs from nonbank sources?*

To answer this question, three potential sources of funds must be considered, namely, savings bonds sales, sales to absorb corporate tax funds, and sales to long-term institutional investors.

It is very hazardous to develop estimates on sales potentials for these three groups, but I am going to present some "iffy" figures in order to provide a working pattern for 1952. There will surely be errors in the figures but I think it is better to think things out with "iffy" figures than to deal with vague generalities.

Turning first to savings bonds sales, we face the question as to how much appeal the new savings bonds will have. My own feeling is that the Treasury has brought forth an attractive package in the four new savings bonds, and I think sales are going to be surprisingly high. The practical question, of course, is how much of the $12 billion Treasury needs may be met by savings bonds on net balance during the rest of this year? As one approach to getting some clues to answer this question, I have gone back and taken a good look at sales experience after World War II. In 1946, 1947 and 1948 sales of Series F and G bonds averaged almost $3 billion, redemptions averaged $¾ of a billion, and the net cash intake from these bonds averaged around $2¼ billion a year. The 2½% yield for a 12-year discount bond then compared favorably with alternative investment opportunities. The yield on high-grade corporate bonds, according to the Treasury index, averaged about 2½% for 1946 and 1947 and about 2¾% for 1948.

Now we have a 2¾% yield on the new J and K bonds which replace F and G bonds. The yield on the Treasury index of high-grade corporate bonds is about 2.90%, which is not very much higher than the new bonds. We might assume that sales from May 1 through December 31 this year will run at roughly ⅓ to ½ the annual level of the early prewar years, or say from $1 to $1½ billion. The current level of redemptions of F and G bonds would run something over $½ billion for eight months. The Treasury could thus pick up perhaps from $½ billion to $1 billion net from the J and K bonds on this line of reasoning.

In the case of the new E and H bonds, the situation may be analyzed as follows: Sales of E bonds in 1946, 1947 and 1948 ran somewhat over $4 billion per year. Redemptions at first exceeded sales due to the cash-ins from the later war loans, but they kept declining as time passed. E bonds raised net cash of $200 million in 1947, $500 million in 1948, and $800 million in 1949. With Korea, the picture turned around and redemptions again exceeded sales. Recently, the experience has been improving both on sales and redemptions, and I believe that a net balance between cash intake and cash outgo on account of E bonds was in sight even before the revised terms were announced. With the new E and H bonds, sales should perk up still more and may very well get back to the early postwar levels. It is true that the 2.9% yield to maturity has not been raised much, but I think that 3% has a better psychological appeal, and the higher redemption schedules in the early years will help; also, I think that the new interest payment H bond, which is a twin of the revised E bond, may be quite popular. Redemptions of E bonds may continue to slide off so it seems reasonable to guess that something like $½ billion of net cash, or perhaps as much as $1 billion, may be realized from E and H bonds in the remainder of this year.

For working purposes, therefore, I conclude that the four series of savings bonds may provide net cash of at least $1 billion and perhaps as much as $2 billion out of the $12 billion required in the last eight months of 1952.

Second, there is the question of selling securities to absorb tax accruals of corporations. The Mills Plan is introducing a new seasonal pattern in tax payments in which the last half of the year is becoming a tax-accruing period, while the first half is becoming a tax-transmitting period. This year 70% of payments are due in the first half and only 30% in the second half; by 1955 it will be 100% in the first half. In the last half of this calendar year corporations will be accruing 50% of their tax liabilities for 1952 while they will be paying 30% of their taxes due on 1951 profits. Corporate tax accruals will be running something like $13 billion from July to December, while tax payments will run something like $8 billion so net accruals will aggregate in the neighborhood of $5 billion.

It seems to me that with financing needs of the magnitude I have indicated the Treasury will want to push the sale of securities to absorb tax funds to a much greater extent than last year. They will probably wish to sell more tax bills than the $2½ billion offered last year and the regular weekly issue of Treasury bills will probably be stepped up from time to time when market conditions permit, just as was done in recent weeks. It seems to me to be a real possibility that the Treasury will be able to sell corporations $4 or $5 billion of securities (gross) for tax purposes in the remainder of 1952.

Finally, we come to the question of long-term institutional investors. How much can be raised through sales of securities to insurance companies, savings banks, savings and loan associations, pension funds, etc.? I am not very optimistic about the prospects for 1952 as far as some of these investors are concerned. It seems obvious to me that there is still going to be a very large volume of mortgages and new corporate issues available for investment this year. Residential construction may come close to being the second highest year on record; and plant and equipment outlays are currently at an all-time peak. Last year many long-term investors continued to sell government securities to take up mortgages and corporate issues. Won't they continue this practice if we have a very high level of construction and equipment expenditures this year? For the time being, I think that they will.

But two factors are important on the other side. First, we are moving from a long period of Federal government surpluses to a sizable deficit and this will inevitably result in increased liquid saving throughout the economy. Believe it or not, the Federal government ran a cash consolidated surplus in five of the last six calendar years, and the one exception was a small deficit in 1949. Now, as I have said earlier, we face a cash consolidated deficit of about $5 billion in calendar 1952. This means the government will be pumping out income faster than it recovers it in the form of taxes. Somewhere the excess of outgo will accumulate inevitably as increased liquid saving, and it should manifest itself in the form of larger debt repayment, deposit accumulation, etc., which should mean a greater flow to the long-term savings institutions. This is an important change and may make it possible to sell more securities to these institutions than recent trends suggest. The second factor is that pension funds, both private and governmental, are growing rapidly and many of them have been steady buyers of government bonds.

How much then can reasonably be expected to be raised net from long-term institutional investors in the remainder of 1952? I would guess that the figure will be relatively small—perhaps a range of from $0 to $1 billion of net absorption from these institutional sources without extensive switching of their existing holdings of securities to commercial banks. Of course, these long-term investors might actually buy $5 billion or more, but if they do, they will sell large amounts of their present holdings to commercial banks. Such switching operations will be facilitated by the fact that $7½ billion of bank-restricted marketable bonds become bank-eligible in May and June, 1952. It is certainly conceivable that several billion of these will be switched to commercial banks to permit reinvestment in new Treasury offerings.

All told then, I am making a guess that nonbank sources will provide something like $5 billion minimum and $8 billion maximum out of the $12 billion required. If we split the difference, we have an estimate of $6½ billion, or a little over half of the $12 billion total. This would leave, say, $5 to $6 billion to be raised from the banks. When I refer to bank borrowing, I am, of course, thinking of commercial banks (and Federal Reserve Banks) but not of mutual savings banks which are properly treated as non-bank institutions in the Treasury statistics.

Question of Treasury Financing Through Commercial Banks

(3) *How much financing may have to be done through commercial banks, and how may it be undertaken?*

I have already indicated, in the pattern of working figures I developed, that the Treasury needs for bank funds will run to about $5 to $6 billion gross in the remainder of 1952. I have also noted that bank borrowing may be accomplished either directly or indirectly through market switches from nonbank investors to commercial banks. It seems to me that the answer to whether it is to be done directly or indirectly depends to a large extent on how restrictive the Treasury is in offering long-term securities. Huge new long-term issues can be sold, in my opinion, only if extensive switching operations are undertaken. Switching will be kept down if long-term offerings are kept small and are not overly generous in their terms. I do not know, of course, how much switching will arise from subscriptions to the new offering of the 2¾% Investment Bonds, but commercial banks will surely be offered some bonds in the market as purchasers try to raise cash to meet their payment dates. A substantial amount could occur simply through the ownership shifts that will take place as the $7½ billion of bank-restricted bonds become bank-eligible in May and June. It is even possible that switching will accomplish all of the net borrowing required from commercial banks this year.

If switching is held down, I would assume that the Treasury would use a variety of bank issues to meet its residual requirements from banks. I would expect more 90-day bills, some certificates, and perhaps some short-term bonds—that is to say, 5 to 6 year maturities. Longer issues are unlikely because of the $7½ billion of restricted bonds becoming bank-eligible now, and because another $6 billion become eligible in December.

Should There Be a 30-Year 3% Marketable Bond?

(4) *What are the pros and cons regarding a 30-year 3% marketable bond?*

The main argument for a long-term, marketable, high-coupon bond revolves around the need for the Treasury to attract a substantial amount of nonbank funds. It is argued that a high-coupon marketable bond—such as a 30-year 3% issue — would be extremely attractive to life insurance companies and savings institutions generally; and that the unavailability of such an issue in recent years was a major contributing factor to the heavy liquidation of the 2½% bank-restricted marketable bonds. Life insurance companies have strong earnings pressure to meet the commitments specified in their policies and other savings institutions have strong competitive pressures to improve earnings in order to attract deposits.

A second argument is often made to the effect that the government must offer competitive rates in order to attract money away from other outlets. In answer to my second question, I have suggested that the large supply of private investments available will limit the appetite for government bonds. Some people say that this conclusion would not be valid if the Treasury were to pay relatively high competitive rates, in which case they argue that some private investments might go begging instead.

A third argument has also been advanced which has to do with the assumption that capital demands are likely to out-run savings for some time ahead as a general proposition throughout the world. To cope with this kind of inflationary pressure it is argued that interest rates will have to rise and that the Treasury would be moving in the right direction if it put out a high-coupon marketable bond soon.

But the Treasury was apparently not convinced by these arguments since it decided to offer the 2¾% nonmarketable Investment Bond. What were the counter arguments in the Treasury's mind? I think that the following points should be set down as arguments against a 30-year marketable 3% bond from the debt management point of view:

First, the amount of available funds is limited by advance commitments so it is not easy to bid funds away from other uses.

Second, it may be argued that the Treasury would not succeed in attracting funds away from other outlets anyway to any overwhelming extent since the yields on private securities would also increase substantially as a reaction to any new bond like a 30-year 3% issue. As I have already noted, the Treasury index of high-grade corporate bond yields is currently about 2.90%. If the Treasury put out a marketable 3% bond, the supposition would be that this corporate index would move up to considerably above 3%. The Treasury's competitive position might not be very much improved in the final analysis. The greatest effect would probably be on the demand for mortgages since mortgage rates are in effect pegged by the Federal Housing Administration.

Third, a sharp reaction in the whole bond market would probably be set in motion if a 3% bond were offered in any substantial volume. The Treasury and the Federal Reserve might find this unpleasant, particularly now that inflationary forces are at least temporarily under control.

Fourth, the Treasury might find it harder than ever to obtain nonbank funds because of the difficulty of selling in a weak bond market when some investors might want to hold cash for a while.

It seems to me that the Treasury chose the 2¾% nonmarketable Investment Bond because it avoids the disadvantages I have just noted for a 30-year 3% marketable bond. Of course, the Investment Bond is not going to be as popular as a 3% marketable bond. But by the same token, the Investment Bond is less likely to weaken the bond market and may help to strengthen it. And the Investment Bond is less likely to lead to heavy switching.

Some trusts find nonmarketables troublesome but the 2¾% Investment Bond gets around one disadvantage of nonmarketable bonds for holdings by trusts. An example will illustrate the point. Let us consider a trust that was set up to pay all of the earnings to an income beneficiary with the principal held for a remainder beneficiary. Assume that during the war $50,000 was placed in G bonds and $50,000 in bank-restricted marketable bonds. Last year the yields available in the corporate market went up sufficiently so that the trustee wanted to sell both types of bonds. There would have been a redemption loss on G bonds and a market capital loss on the marketable bonds. The loss on the G bonds would, in accordance with custom in most such instances, have been restored by withholding income from the income beneficiary. This practice arises because the income payment on G bonds may be considered in effect to comprise both interest and a repayment of principal. On the other hand, the loss on the marketable bonds would not have had to be made up in any way by the income beneficiary — it would have been a fortuitous loss to the trust and would have hit the remainderman without reimbursement.

The Investment Series bond is like a marketable issue in this respect. There is no loss in con-

verting par for par into the 5-year marketable notes; any loss on the sale of the notes would be like any other loss on a marketable security sold in the market.

Deficit Financing and Interest Rates

(5) *How will deficit financing affect interest rates?*

Treasury financing may affect interest rates a great deal or very little depending on how the financing is undertaken. The Treasury answers to the Patman questionnaire make it clear that the Treasury recognizes that it can influence interest rates in the market significantly by its choice of securities and by timing. A market may be flooded or starved and the effect on interest rates may be very important either way. On the other hand, a market may be fed securities in small flexible amounts closely geared to meet the appetite at the time so that interest rates are not significantly affected.

Moreover, security markets and interest rates may be affected by whether new offerings are marketable or nonmarketable. The Treasury went into this at some length in discussing the advantages and disadvantages of marketable and nonmarketable securities in its answers to the Patman questionnaire.

In the immediate situation the Treasury seems to have decided, at least for the present, that long-term securities should be fed to the market very carefully in order to avoid bond market weakness and extensive switching to commercial banks. The choice of the Investment series nonmarketable 2¾% bond was a tip-off, in my opinion, as I have already noted, that the Treasury thinks that not much would be gained by pushing long rates up in the market in the effort to attract funds competitively. I think that they are going to follow the policy of trying to get what money they can from long-term investors on a relatively "pure" basis—that is, without extensive switching such as characterized some of the later war loans. My own reflection in the postwar period was that from the Treasury point of view the greatest mistake made in the war loans was in selling so many long-term marketables. They were paid for by extensive switching at the time, which meant commercial bank financing indirectly, and they later led to the nasty problems connected with support operations in pegging the government market. I interpret the new 2¾% Investment Bond financing as a signal that the old war loan approach is not going to be used in 1952. The implications of this decision are that long-term interest rates are not going to be changed to any signficant degree by deficit financing. As time passes over the next year or two, the volume of private expenditures on construction and equipment may decline and this may lead to a weakening of the long-term interest rate structure, but that is another story. In terms of the immediate question, I conclude that deficit financing is not likely to change long-term interest significantly in the near future.

In the short-term area, two important factors stand out. First, this will be the residual market for Treasury financing to cover whatever the long-term market does not take care of, and, second, the importance of borrowing corporate tax funds will emphasize issuance of short-term maturities. It follows that Treasury financing is likely to keep short-term interest rates relatively firm. It would not be surprising to see Treasury bills issued whenever the bill rate is significantly below the Federal Reserve discount rate. We may even see bills going at a higher rate than the discount rate at times depending, of course, on Federal Reserve credit policy.

Of course, another important factor in the short-term market will be the volume of demand for loans from commercial banks. If loan demand is high, the upward push on Treasury bill rates may be fairly strong depending again, of course, on Federal Reserve policy. My own feeling is that demand for loans will be seasonally slow until the summer time but that there will be an upward movement in loans in the remainder of the year beginning just about when deficit spending becomes important.

Now let me make one more point about interest rates and that has to do with the long-run relationship of short rates to long rates. Recently short-term rates have been getting much closer to long-run rates than was true for two decades. The rate on short-term prime commercial paper has recently been as high as 2⅜%, the highest point since the early 1930s and only about ½% below the rate on high-grade corporate bonds. Is it possible that the commercial paper rate will go up to, or even higher than, the long-term bond rate? I do not know but this was true most of the time in the 1920s and all of the time prior to World War I.

It should be recognized that basic conditions have changed materially over the last 20 years. The heavy inflow of gold in the 1930s created such a large volume of excess reserves at a time when borrowing demand was low that the inevitable result was to push short-term rates down towards zero. During the war the Federal Reserve maintained the depression pattern of rates on government securities for the most part so that we became accustomed to relationship between short and long rates which had never before existed except for fleeting periods. But we are apparently at last getting back to something resembling the old relationships between short and long rates. The outlook for deficit financing would seem to suggest that this condition will not again be reversed in the near future. But, of course, Federal Reserve policy may alter such conclusions very materially at any time and the Treasury itself may change its policies from time to time.

Conclusion

In conclusion, let me review the pattern I have developed through answering my five questions.

First, I think that Treasury borrowing in the remainder of 1952 will aggregate about $12 billion. This will cover a cash consolidated deficit of about $9 billion and public debt maturities and attrition of about $3 billion.

Second, the nonbank financing is not likely to cover much more than half of these needs.

Third, the Treasury would have to borrow from commercial banks about $5 to $6 billion on the basis of my "iffy" figures. Commercial bank financing could be largely indirect through switching operations by nonbank investors if the Treasury pushes the sale of long-term securities extremely hard, but if switching operations are held down there will need to be direct sales to commercial banks probably in the form of bills, certificates, and short-term bonds. Longer-term issues are unlikely for banks it seems to me, because of the $7½ billion of bank-restricted bonds becoming bank-eligible in May and June of this year, plus the fact that another $6 billion become eligible in December.

Fourth, I have tried to give the pros and cons of offering a 30-year 3% marketable bond. My conclusion is that the Treasury chose the 2¾% nonmarketable bond instead because it feels that the disadvantages of a higher rate marketable issue outweigh the advantages. The core of the situation is that the Treasury faces a paradox; it does not want to offer too many long-term securities to long-term institutional investors because of the probability that heavy switching would be encouraged thereby; it must not be too generous if it wishes to obtain relatively "pure" cash from these investors.

Fifth, deficit financing may have varying effects on the interest rate structure depending on timing and choice of securities. It appears that long-term issues will not be pushed excessively, which points to relatively stable long-term interest rates, at least so far as they are likely to be influenced by deficit financing operations of the Treasury. This means heavy reliance on the short end of the market and suggests continued firmness in short-term interest rates.

I would like to emphasize that the pattern I have developed here in answering these questions is one man's opinion reflecting the pros and cons of the various issues involved, and I have tried more to diagnose than to predict. I hope that the pattern which I have sketched is a good portrayal of the situation, but I am sure that I am going to be wrong in the final analysis in more than one respect. But this is a clear case in which "nothing ventured" would be "nothing gained" in appraising the major factors in the government bond market.

Management Training Course Offered

TORONTO, Ont., Canada—The Fifth Session of the Management Training Course of the School of Business Administration at the University of Western Ontario is to be held in London from July 28 to Aug. 29, 1952.

The purpose of the course is to assist Canadian business in training their executives to assume major management responsibility. The nature and details of the Fifth Session of the course are the result of the combined thinking of business and university men.

The class will again be housed in Huron College's new dormitory and all class members will live there while in London. Admissions will be governed by a committee of businessmen and university officials. The course fee is $500, which includes classroom materials, lodging, and meals. Application blanks may be obtained from the Director of the Management Training Course, School of Business Administration, University of Western Ontario, London. Since the University has never been able to accept all those who have wished to enroll, early application is advised.

Phila. Inv. Women Elect New Officers

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia held its annual election dinner meeting on Monday night, May 19 at the Sylvania Hotel. Miss Leanor H. Silver of Wellington Fund, Inc. was elected President; Miss E. Louise Powell of Kidder, Peabody & Co., Vice-President; Mrs. Dorothy H. Wight of Hallowell, Sulzberger & Co., Treasurer; Miss Virginia Lee of Stroud & Company, Inc., Secretary.

Elected to the Executive Board were: Mrs. Dorothy Lentz of Hecker & Co., Membership; Mrs. Blanche Rose of Calvin Bullock, Publicity; Miss Sara M. Grabill of Stroud & Company, Inc., Entertainment; Miss Marguerite A. Campbell of A. C. Wood, Jr. & Co., Education.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market seems to have caught its breath again after some profit-taking which was not unexpected. Prices have advanced rather sharply and one cannot be blamed for salting down some of the gains that have been accruing. This adjustment seems to have been what was needed to improve the technical position of many of the longer-term obligations, especially some of the restricted bonds. The exchange offer for the nonmarketable 2¾s seems to be the leading feature of the whole market and considerable switching is being done as a result of it. This has brought volume and activity into the whole list, especially the long end where it was most needed.

Despite tight money and the additional $200,000,000 of weekly Treasury bills, the demand is still sizable for the near-term obligations. The yield on Treasury bills is likely to remain in the present area for a while, however. There is, nonetheless, a bit more of a tendency now to move from the shorts into the higher income Treasuries.

Deflationary Trend Favors Market

The economic scale appears to be out of balance slightly, with the deflationary forces more dominant at this time, as the transition is being made from a sellers' to a buyers' market. Inventory adjustments are being made in many industries, and similar action is expected in other quarters. Regulations on the use of bank credit for instalment purchases have also been lifted by the Federal Reserve Board. Other and similar action also along this line by the monetary authorities would not be surprising.

Accordingly, as the economy takes on a new dress, that of a deflationary hue, there seems to be more of a feeling of confidence appearing in the government market. It seems as though the lifting of the inflationary pressure from the economy has in the past been generally favorable to the money markets. It is not expected this time will be an exception and, because of this, the opinions and the feelings in many quarters is that higher bond prices will accompany the minor deflationary trend in the economic picture.

Exchange Offer Sparks Activity

The center of the stage is still being held by the exchange offer, with many institutions taking advantage of the opportunity of acquiring the nonmarketable 2¾s at a discount through the purchase in the open market of the last four issues of restricted bonds (which can be turned in for the nonmarketable obligation at par at prices about a point under 100). Since the books were opened for the exchange offer last Monday, April 19, it is indicated there has been some acceleration in the acquisition of the exchangeable bonds.

It is reported that considerable switching is being done throughout the entire restricted list, with about as many operations taking place in the near-eligibles as in the longer end which embraces the exchangeable obligations. This moving about in the tap bonds has increased the volume and activity in the government market which is not exactly distasteful to operators in Treasury obligations. There was quite a period of time in which dullness and inactivity was not only boring but also not too profitable.

New Eligible 2½s in Demand

What appears to be one of the main features of the market is the enlarging interest which is appearing in the recently eligible 2½s due 1962/67. The commercial banks are the principal buyers of this bond, especially those institutions that have a sizable amount of savings deposits. Dealers have been on the same side of the fence, but for the time being it seems as though the large money center deposit banks have come in the picture in important enough quantity to give them second place in the face. Not all of these acquisitions of the 2½s due 1962/67, have come about through new money purchases, because there are reports also of a large amount of switching being done in the eligible list, with the idea in mind of getting into the newly eligible 2½% due 1962/67. A not unimportant amount of short treasuries are being swopped in order to get into these 2½s. This is being done for income reasons. The other important changes that are indicated are from the 2½s due 1956/58, and the 2¼s of 1956/59, into the recently eligible 2½s. Many shrewd followers of the money markets look upon the 2½s of 6/15/62-67, as an attractive eligible issue, that gives a desirable return as well as embodying the possibilities of future price appreciation.

Market Briefs

Failure of the Treasury to call the 2s due 9/15/52-53, for redemption on next Sept. 15, was not unexpected and had no effect upon the market for this issue or the market as a whole. There had been some ideas around that a partial call or exchange offer might have been made for these 2s in order to at least cut down the size of the issue. It might even be made in the future.

The July certificates still have attraction because the belief persists that an intermediate term issue in addition to a one-year obligation, will be offered to holders of these certificates when the announcement of an exchange for these certificates will be made is purely a matter of conjecture, but probably not until after the books are closed or the first pay date in the exchange offer of the 2¾s has passed. This would also seem to apply to any new money offering the Treasury might make.

Investors Research

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Public Utility Securities

By OWEN ELY

South Carolina Electric & Gas Co.

South Carolina Electric & Gas was originally a subsidiary of General Gas & Electric Corporation, a sub-holding company in the Associated Gas and Electric System. In November, 1946, General Public Utilities Corporation, as successor to Associated Gas, disposed of its holdings of South Carolina by distributing one-tenth share to each share of its own stock outstanding. In 1948 South Carolina acquired control of a subsidiary of the Commonwealth & Southern System, South Carolina Power, and the two companies were later merged.

Adjusted for the recent sale of common stock, capitalization is approximately as follows, including the new subsidiary, South Carolina Generating Company:

*Debt	$51,700,000	61%
Preferred Stock	9,200,000	11
†Common Stock Equity (2,506,314 shares)	23,300,000	28
	$84,200,000	100%

*Excluding notes of $6.1 million due within one year. †Excluding intangibles of about $2.6 million.

Water for hydro-electric generation during 1950 and 1951 established a new low inflow record for a two-year period. This together with the delay of over three months in placing in operation the third steam unit at Hagood Station (50,000 kw.), which was occasioned by the inability to obtain certain critical materials, resulted in a reduction in 1951 revenues and required operation of older and less efficient steam stations.

The accompanying table shows the earnings and market record over the past decade.

Year	Revenue	Common Stock Record: Share Earnings	Dividends Paid	Approximate Range High	Low
1951	$22,600,000	$0.52	$0.60	9¼	7⅝
1950	21,000,000	0.70	0.60	11	7¾
1949	19,900,000	1.36	0.45	10½	7¼
1948	18,800,000	1.33	0.50	8⅝	5¾
1947	16,700,000	0.74	0.50	8⅝	5¾
1946	*7,700,000	0.80	0.25	9	7⅛
1945	*7,400,000	†0.21	---	---	---
1944	*7,700,000	†0.61	0.67	---	---
1943	*7,600,000	†0.93	0.28	---	---
1942	*7,700,000	†0.87	---	---	---

*Does not include South Carolina Power Co. †Giving effect to reclassification of stock in September, 1946.

The sharp declines in earning power in certain years, particularly in 1950-51, were due principally to severe droughts, together with long-term contracts requiring the company to supply a substantial amount of low-priced power to Duke Power and Carolina Power and Light.

During 1952 there has been an improvement in rainfall. Also the additional steam capacity installed early this year at Hagood is helping reduce costs. In addition, the company received authority, effective Feb. 2, 1952, to increase its rates in an amount sufficient to produce about $1,350,000 additional revenue. There is also a net tax saving due to the repeal of the Federal electrical energy tax which should more than offset the increase in income tax rates effective in 1952. Because of these factors, 12 cents a share was earned in March vs. 6 cents last year, and 20 cents in the first quarter vs. 19 cents last year (these figures are before the recent increase in shares).

The company, with 1951 revenues of nearly $23 million, serves a large area in the central, southern and southwestern sections of South Carolina having a total population of about 700,000. The largest cities served are Charleston and Columbia. In 1951 about 81.2% revenues were derived from the sale of electricity, about 9.4% from gas and 9.4% from bus operations. Electric revenues were approximately 39% residential, 28% commercial, 23% industrial and 10% miscellaneous.

The company owns hydro-electric plants with an effective capability of 161,000 kw. and steam plants with capability of 201,500. The largest hydro plant is rated at 133,000 kw., reflecting seasonal low-water conditions, but during 1951 capability was as low as 113,000 kw. due to abnormally low water. The maximum one hour demand on the company's system in 1951 was 313,000 kw. All of the company's electric facilities are interconnected, and are also connected with Duke Power, Carolina Power & Light, South Carolina Public Service Authority, Georgia Power, and Union Manufacturing & Power.

The company has made arrangements for the construction and financing by its subsidiary, South Carolina Generating Company, of the Urquhart Station, which initially will have two units with normal capability ratings of 75,000 kw. each. These arrangements will make available to the present company, upon completion of the station, 45,000-75,000 kw. additional capacity, depending upon the result of negotiations with respect to the supply of power to the Atomic Energy Commission's Aiken hydrogen project, at a favorable cost price. In addition the subsidiary will be able to recapture for the benefit of the parent (if economically desirable) up to the 75,000 kw. under its contract with Georgia Power Company. These developments will further reduce the company's dependence upon hydro-electric generation, since upon the completion of the Urquhart Station 70% (compared with 38% in 1946) of system facilities will be steam units. The company estimates that the effective capability of its generating equipment in 1953 will be 530,000 kw. compared with 307,500 before the last Hagood Unit was installed, and 246,500 in 1946.

The company raised about $3.7 million through the recent sale of common stock and expects to do about $2.4 million in equity financing next year. The rest of the construction funds will be obtained through senior financing by both the parent and subsidiary companies. A 3-year forecast prepared by the company in connection with the recent issue of common stock contained the following estimate of future share earnings:

	1952	1953	1954
Parent Only	$0.93	$0.93	$1.29
Consolidated	0.97	1.15	1.22

Continued from first page

Equity Securities as Savings Bank Investments

thority to invest in shares of banks located elsewhere in the United States. Comparable powers have been enjoyed for many years by the savings banks of Connecticut.

Only last year the savings banks in Pennsylvania obtained the power to invest in shares of commercial banks, subject to specified restrictions, located within the Commonwealth. Of all the States in which equity investments by savings banks are statutorily restricted New Hampshire represents the most inclusive authorization. The record of savings bank investments in the latter State is such as to attest the prudence with which stock investments have been made and administered.

In 11 of the 17 States in which mutual savings banks operate, these institutions are permitted to hold equity securities, although in two of these States this power is not exercised. Of the remaining nine States, six are in New England and, of the latter group in which equity investments are restricted largely to bank stocks, the States of Connecticut and Massachusetts accounted for 76% of the book value of all stocks held by the country's mutual savings banks as of Dec. 31, 1950, the latest date for which composite figures are available.

In the State of Connecticut, equity investments held as of Dec. 31, 1950 accounted for 4.7% of the book value of all securities investments, and for 3.1% of assets. As of the same date all mutual savings banks held equity investments at book value of $178.6 million, or 1.3% of total securities investments, and 0.8% of assets.

The State of Connecticut and other New England States years ago led the way in projecting savings bank investment into the field of equity securities through the power to hold stocks of commercial banks. The intervening years have amply confirmed the soundness of such equities and the record stands as a significant testimonial to the progessive leadership and farsighted policy of these States and their savings bankers.

N. Y. State Savings Denied Bank Stock Power

Despite the impressive endorsement of commercial bank stocks which is implicit in the equity investment experience of the New England savings banks it is paradoxical that in seeking equity powers in New York State this year we were forced to delete from our original bill those provisions pertaining to bank stocks in order to avoid organized opposition on the part of commercial banks that would have seriously jeopardized its passage.

I do not feel that I am revealing any secret nor am I making a statement which is subject to refutation when I say that the decision of the New York State Bankers Association to oppose bank stock powers for savings banks was not made on the merits. Furthermore, it was made without due consideration of the views of the metropolitan banks all of which, as far as I know, were in favor of the objective of the bill with respect to bank stocks. It was made in contravention of the expressed views of the Superintendent of Banks.

The face is that most of the opposition to the bill arose from individuals representing institutions the shares of which would not have qualified under the original provisions which, for New York State banks, included a requirement that capital funds aggregate at least $20 million. This opposition was not overcome even upon our expressed willingness to strike out the minimum capital funds requirement of $20 million for New York State banks, thus restricting eligibility in this respect to those banks with capital funds of $40 million—obviously excluding, as far as New York State was concerned, all but the major New York City banks.

We had been of the opinion that almost by tradition, and certainly by the record, bank stocks had become a natural first step in the introduction of savings banks to the market for equity securities. It was our view that opening the bank stock market to the savings banks on some reasonably restricted basis would have been welcomed by the commercial banks in that it would have widened the market for bank stocks by including a further substantial area of conservative institutional investment and would have added an element of seemingly desirable stability. Furthermore, we did not understand how such an extension of the market for bank stocks could have failed of support by the commercial banks at a time when one of the most pressing problems confronting the banking business is the matter of raising new capital funds to margin a further growth in deposits and to reverse, or at least arrest, capital funds to deposit liability.

Lastly, we discern no sound reason for which savings bank in New York State should be denied investment powers in bank stocks comparable with those now enjoyed by our good and worthy friends in Connecticut and other New England states. I venture the prediction that in the fullness of time, and the time is not likely to be far distant, we shall have attained such authority and in the interim you may well make the most of your opportunity in the bank stock market free of our competition. Meanwhile we shall enjoy restricted investment powers in the general market for equities which, I hope, we shall prudently employ in full recognition of the probability that within a reasonable time you too will enjoy comparable authority.

It is our hope that the bitterness and acrimony which underlay the opposition on the part of certain New York State bankers—a matter to which I regretfully refer but which I shall not discuss—will soon have been superseded by a spirit of mutual acceptance and understanding and that in due course commercial bank equities subject to appropriate limitations will become eligible investments for savings banks in New York State to the mutual advantage of the savings banks and of the commercial institutions.

Expanding Scope of Institutional Investment in Equities

Over the last 15 years or more the relatively attractive yields of stocks have been primarily responsible for a tendency on the part of institutions to seek equity investment powers. Beginning in the middle 1930's with university and college endowments, as well as other institutional funds, this tendency to seek the more generous returns available from equity securities has become palpably accelerated in recent years.

In 1949 New York State statutes governing trust investment powers were amended to authorize the purchase for legal trusts of securities, otherwise ineligible, including equities to the extent of 35% of market value. Only last year the New York Insurance Law was amended to authorize limited investment in common stocks by life insurance companies domiciled in that state. A noteworthy feature of the recently accelerated development of private pension funds has been the authorization of limited investment in equity securities.

Such has been the progressive movement in recent years toward institutional acceptance of the soundness and desirability of limited investment in equity securities that I have often feared criticism of the savings banks on the basis of the conservative extremity of Alexander Pope's admonition—"Be not the first by whom the new are tried nor yet the last to lay the old aside."

Those who during the last two years have advocated liberalization of savings bank investment powers to include an appropriately restricted authority to hold equity securities have been accused of violating the traditional principles and the time honored precepts of sound savings bank investment. In fact we were charged in the heat of the legislative exchanges over the recently enacted bill with seeking a speculative solution of the problem of producing earnings to support a competitively necessary dividend rate. The hollow nature of such charges is as obvious as the necessity of bringing the investment practices of the savings banks into more realistic alignment with the actualities of the capital and investment markets. One of the most cogent arguments in support of the New York equity bill was that it constituted another step in moderately extending the area and diversification of permissible savings bank investment.

Prevailing political and economic conditions are extremely fluid and uncertain. Events in the modern world are moving rapidly and changes of great moment can occur with little, if any, forewarning. The momentum of these events would seem to promise developments within our range of vision that may have a significant impingement on political, social and economic values.

Under these conditions it would seem unwise to restrict institutional investment management unduly. Rather, to some appropriate extent, such management should be permitted a flexibility and a range within which to exercise the principle of prudent investment. Only so can management operate in the most constructive interests of the funds which are its responsibility.

It seems almost as though we had reached a point at which we shall have to choose between two great and powerful admonitions of the Proverbs—"disturb not the ancient landmark which thy fathers have set," and "where there is no vision the people perish."

Spreads Between Yields of Bonds And Common Stocks

The record reveals that over the first five decades of the present century there was a trend toward wider spreads between the yields of common stocks and high grade bonds, although at various times—notably the period from 1919 to

1935—common stock yields were generally below those of fixed interest securities. During the decade of the 1940s, of course, official control of interest rates was a major factor in these spreads. Within the last two years this trend has been reversed due to a considerable rise in bond yields and a small decline in stock yields. The rise in bond yields reflects both the anti-inflationary credit policy of the Federal Reserve System and the unprecedented demand for new capital as reflected in the volume of corporate financing through the bond market. The decline in stock yields has resulted principally from higher prices without compensating increases in dividends. While the spread relationship in favor of equities has been somewhat diminished, the differential is still sufficient to emphasis the attractiveness of stock investments from the standpoint of relative yield.

Two factors have been predominantly responsible for the wide spreads between stock yields and bond yields. One is the progressive institutionalization of savings which in recent years has been the most distinguishing characteristic of the savings flow. The other is the established practice of internal financing of corporate capital requirements. A growing percentage of savings has been mobilized by institutions such as life insurance companies, savings banks, pension funds and others, the investments of which are largely restricted to debt securities. The supply of such securities, however, has been limited by the policy of most corporations in financing capital requirements internally, that is, through retained earnings and depreciation reserves. Thus the pressure of extensively institutionalized savings on bond yields in a market in which the supply has been limited by internal corporate financing has been largely responsible for relatively low bond yields.

While this situation has been relieved to some extent due principally to a heavy volume of corporate financing through the bond market it would seem that with a likely diminution in the rate of capital investment the relationship between institutional funds available for investment and the supply of new debt securities may once again be such as to cause downward pressure on bond yields. The expectation of any such pressure, however, must be duly modified to reflect the possibility of Treasury deficit financing through long-term bonds. Furthermore, indications of deflationary forces which may gain some ascendency within the visible future suggest the possibility of lower corporate earnings and reductions in dividend payments. Basically, however, the foregoing would seem to suggest that for an indefinite period there may be considerable differentials between bond yields and stock yields.

Denial of general equity investment powers to the savings banks would result in foregoing investment access to a large and important segment of the country's industrial and commercial economy in which are to be found many signally successful corporations with long-proven earning power and dividend records, as well as favorable prospects for further growth and development. There would seem to be no sound reason for which the savings banks for the benefit of their depositors should be denied the power to invest in these outstanding American corporate enterprises many of which are without bonded indebtedness.

Considerable emphasis has been placed by economists upon the desirability of increasing the flow of savings into the market for equity securities on the ground that there has been over the years an inadequate supply of equity capital and that the lack of such capital in desirable volume has been a factor contributing to economic instability. There would seem to be little doubt that an acceleration in the flow of savings toward the equity market would be a constructive force economically. Within the limits of conservative equity investment powers for the savings banks such as those provided in the recently enacted New York statute these institutions would be in a position to make some moderate contribution to that flow.

The incidence of Federal income taxation upon the mutual savings banks (of which the capital funds and reserves aggregate at least 12% of deposit liability) has injected an entirely new element which must be given appropriate consideration in determining a sound and prudent investment policy. Personally I should be opposed to any palpable distortions of investment policy based on tax objectives but it is obvious that as prudent management we would be remiss in our responsibilities were we to fail to take proper measures to avoid the burden of unnecessary taxation. Equity investments provide the most effective means of producing an annual increment to the surplus of a savings bank of which the undistributed net earnings are subject to tax.

Risks Involved in Equity Investments

It is obvious that equity securities involve considerable risks in addition to those ordinarily confronted in bond and mortgage investment. They possess no contractual claim to a fixed rate of return nor do they involve any obligation to repay a fixed sum of money at a specified date. The equity investor, assuming a position junior to the creditors of the issuing corporation, has only a marginal or residual interest in the earnings and assets of the issuer. Thus common stocks, having no claim to a fixed rate of return or to the repayment of a fixed amount of money, are characteristically subject to wide fluctuations in market price.

This is necessarily so because the price of a common stock reflects basically a current appraisal of the value of future earnings and dividends. In periods of prosperity junior equity securities can advance extensively while by the same token in periods of declining earnings and depression they can be subject to equally extensive recessions. This almost inevitable gamut of market fluctuation despite an underlying and inherent investment strength must be duly appraised in judging the propriety of investment in common stocks for savings banks, and due provision must be made to sustain such market variations without embarrassment.

Savings banks as well as other investing institutions can minimize the risks to be incurred in equity investment through careful and intelligent selection of such securities, through appropriate timing of such investments and through the accumulation of sufficient reserves to provide adequate protection against possible depreciation.

It cannot be too strongly emphasized that the exclusive objective of savings banks in making equity investments should be higher yields. While over the years capital appreciation may develop, this should be no more than an incidental consideration in an equity investment program. We have emphasized on many occasions in connection with our quest for equity investment powers that a properly organized and administered equity program would provide a maximum increase in earning power with a minimum exposure in risk assets.

Probable Preference for Preferred Stocks

It is obvious that among equity securities preferred stocks promise the greatest degree of dividend continuity and market stability. One of the attractions of this type of security, assuming proper emphasis on quality, is the measure of assurance that dividends will be uninterruptedly maintained — obviously a factor of major importance to an investing institution such as a savings bank. While the preferred stockholder enjoys only a preferential right to dividends as contrasted with the fixed claim to interest possessed by the bondholder, the record provides many instances in which during periods of reduced earnings preferred dividends have been maintained while common dividends have been drastically diminished and even omitted.

With respect to cumulative preferred stocks, of course, dividends that have been omitted must be paid or satisfied in full prior to any further payments on the common stock. Another factor of strength in many preferred issues is the power to prevent the incurrence of additional funded debt by the issuing corporation. In the case of many issues offered during the postwar period the approval of holders representing two-thirds of the outstanding stock must be obtained in connection with long-term borrowing by the issuer.

Another feature that has become characteristic of preferred stock financing to a considerable extent is the so-called sinking fund or capital retirement provision under which, contingent upon the availability of earnings, a stated percentage of the original issue is repurchased annually. While there is still no obligation to redeem the issue as a whole at any specific date, this retirement provision, as far as the market is concerned, may endow the issue with some semblance of a sinking fund debenture. The existence of such provision is usually reflected in a market yield somewhat below that which would obtain in the case of a non-sinking fund issue.

Inasmuch as the market for preferred stocks is relatively inactive and at times extremely quiet, it is quite possible that savings banks would find their most attractive preferred stock investments in newly offered issues. Furthermore, if savings bank interest in this market should develop sufficiently, the arrangement of direct placements of new preferred stock issues with groups of these banks might prove attractive both to the latter and to the issuing corporations.

The so-called "defensive" common stocks, such as public utility, food and retail trade issues may prove of interest to savings banks in the development of a sound and adequately diversified equity investment program. These issues present comparative stability in earning power and dividend payments. It is obvious that even in periods of recession and reduced popular purchasing power, the goods and services produced by these industries will be in relatively sustained demand.

The group of securities known as "growth" stocks, while of major importance to some equity investors, would be of minimum interest to savings banks. In these industries due largely to an intensive reinvestment of earnings dividend payments are relatively low, the holders of such shares expecting to benefit ultimately from market appreciation. As I have indicated, savings bank interest in common stocks should be based largely, if not exclusively, on considerations of income and only incidentally on prospects for enhancement in value.

Importance of Research and Informed Interpretation

In the purchase of equity securities a thorough and extensive analysis of all the factors bearing upon the position of the industry and of the specific corporation within the industry is an unavoidable necessity under prudent procedure. While adequate analysis and investigation are obviously essential prerequisites to successful bond and mortgage investment, this is so to a markedly further degree in the case of equities where the investor is assuming the marginal or residual position of an owner in the enterprise. Of prime importance is the competence of management and no intelligent equity investment can be made without adequate emphasis upon this extremely important factor of corporate operation.

In fact, the extensive nature of the research and informed interpretation of basic data that should underlie a sound equity investment program under modern conditions causes me to doubt that the average savings bank is properly equipped to perform this function. Investment in common stocks has become a highly professional activity as evidenced by the large proportion of transactions on the New York Stock Exchange that are professionally controlled through investment trusts, trust companies, private pension funds, endowment funds as well as other organizations. The outstanding importance of adequate knowledge of all the multiplicity of factors that must be given appropriate consideration in determining equity investment decisions leads me to advert to the desirability of a mutual investment company through which the savings banks at moderate cost might solve this problem collectively. I shall refer presently to the investment company, organization of which is contemplated by the savings banks of New York State.

Importance of Timing

The wide market variations in equity securities emphasize timing as one of the most important factors in the management of a stock portfolio. Particularly at this time with the market at a historically high level careful thought should be given to this aspect of stock investment in the inauguration of an equity program. Professional investors and counsellors with extensive experience in this field have developed various methods of minimizing the hazards that unavoidably attend the purchase of equity securities.

As to preferred stocks, it is obvious that the market for high grade issues tends to fluctuate with the bond market in response to the movement of long-term interest rates rather than with common stocks the market for which fluctuates basically in anticipation of corporate earnings and in sympathy with monetary speculative sentiment. Within recent years a rough pattern has developed with respect to the relationship between bond and preferred stock yields. According to this pattern an approximate minimum of 100 basis points should exist between an industrial preferred stock and a long-term bond (actual or hypothetical) of the same company, whereas in the case of a public utility this differential should approximate 125 basis points. In each case a moderately greater differential should prevail for a new issue. Obviously the foregoing statements are generalizations and should be refined to meet specific conditions of individual issues. Furthermore, the obvious advantage of preferred stocks to certain institutional investors under prevailing tax laws suggests an influence that may tend to narrow somewhat the foregoing yield spreads.

An important factor that should be duly considered in connection with the purchase of preferred stocks at this time is the indicated trend in long-term interest rates. In the absence of world war and assuming a substantial diminution in the rate of corporate capital investment this trend is likely to be gradually downward during the next several years, and under these conditions the bond market might be expected to advance somewhat. If this is so the influence upon the market for high grade preferred stocks will be favorable. It is basically true that marketwise preferred stocks are unattractive at a time when the outlook favors rising interest rates and are attractive when the outlook favors lower interest rates.

As far as common stocks are concerned, various formulary procedures have been developed over the years by professional investors and most of these plans appear to involve some measure of merit. This is not the place nor is there time to discuss these plans in detail. However, I might refer briefly to the procedure known as "dollar averaging" with which most equity investors are familiar. By investing a specific sum of money periodically over a considerable period, a fair average price is obtained. In fact, since the specific amount of money will purchase an increasing number of shares as the market declines, the weighted average result of purchases during a period of declining prices is lower than the arithmetical average of the prices paid.

Undoubtedly some such procedure should be employed in connection with a savings bank investment program in common stocks. It is most unlikely that a sound program could be based upon the investment of a major portion of funds to be devoted to common stocks at one time, or over a short period. Rather, it would seem to be the prudent and conservative procedure to develop a portfolio over an appreciable period, giving effect to market fluctuations and possibly increasing the rate of investment in periods of low prices.

Justification for Reserves

Despite the precautions observed in connection with selection and timing of stock investments the risk of loss is ever present. This possibility not only justifies but requires the accumulation of an adequate reserve against depreciation. It is of interest to note that the National Association of Insurance Commissioners has recently required life insurance companies to set aside a reserve against preferred and common stocks in amount of 1% of statement value annually until such reserve has attained 20%. Thus over a period these companies will accumulate reserves that will provide an ample cushion to absorb depreciation and realized losses.

Mutual savings banks in Connecticut, due to their long experience as investors in bank stocks, are well aware of valuation and reserve requirements with respect to equity securities. Our Investment Committee in New York State has given the subject considerable thought, having pursued the matter to the point of determining currently effective policies in various states in which savings banks are authorized to invest in stocks. Its findings indicated that in general the policy of periodically writing down such investments to market or providing adequate valuation reserves is favored officially and observed in practice. It was the

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Committee's recommendation that this matter be left to the prudent determination of the individual management operating under the supervision of the State Banking Department. Whether this matter is one of law, regulation or individual determination it must unavoidably be given the careful thought that it deserves as an essential element in a soundly administered stock investment program.

The New York State Banking Department is now studying the matter of reserves for equity investments by savings banks. While the Department at this time has no intention of issuing formal regulations covering reserves its recommendations when completed will be made available to the banks. Meanwhile, it is the official recommendation that each bank making stock investments establish a reserve of at least 1% per annum of investment cost computed pro rata at the end of each accounting period; it is further recommended that profits on sales be transferred to valuation reserves and that losses be charged against undivided profits or current earnings.

Indicated Interest in Preferred Stocks

I might mention that in my own opinion, giving effect to the existing realities in the investment markets, the interest of the New York State savings banks in equity securities for the visible future will be confined very largely to preferred stocks. We have reasonable expectation, as I have indicated, of an early expansion of our equity powers to include bank stocks and under such an authorization the banks would presumably evince considerable interest in such securities. A substantially supporting reason for my opinion is the uncertain outlook for overall business activity and the possibility of an appreciably lower market for common stocks. In the absence of world war, and with a substantial reduction in the rate of corporate capital expenditures, deflationary factors are likely to become increasingly prominent in the country's economy, and even though such tendencies will be partially offset by governmental intervention some considerable recession and readjustment would seem unavoidable. With this prospect I seriously doubt any general movement at this time into junior equity securities on the part of New York State savings banks.

Contemplated Investment Company

In studying the subject of equity securities from the standpoint of developing a sound framework of investment powers for savings banks it was in order that due consideration should be given to a device for mutual investment such as a trust or company.

We were aware of the professional nature of a large preponderance of present-day investment in common stocks and we recognized that the cost of adequate facilities in research and and analysis, trained personnel and professional management would be impracticable for the average savings bank. Yet such a background, or at least a reasonable approach to it, seemed to be essential to sound and prudent procedure in common stock investment.

Recently there have been indications that some of the large savings banks would seriously weigh the advantages and economies of a professionally managed investment company organized for the primary purpose of investing, from the standpoint of savings bank requirements and objectives, in a diversified portfolio of leading common stocks.

While I realize that the Connecticut savings banks have accumulated an extensive experience over many years in the management of bank stock portfolios I think there will be no essential disagreement as to the more burdensome problems involved in competent management of portfolios representing a generality of common stocks.

We are now in process of determining the extent of interest on the part of New York State savings banks in an investment company designed to serve the purposes I have mentioned. Evidence of sufficient interest presumably will be followed by further steps toward formal organization of such a company to be mutually owned by savings banks.

The investment company, formation of which is contemplated by the New York State Savings Banks, would be of the open end management type, organized under the Investment Company Act of 1940, registered with, and subject to the regulations of, the Securities and Exchange Commission. It would be qualified as a regulated investment company with the Bureau of Internal Revenue under the Internal Revenue Code.

We had originally given serious thought in connection with a mutual investment device to a "common trust fund" type of investment trust. It seemed that the features of such a fund would permit a desirably compact and efficient administration with a minimum of formal organization and publicized operations. We felt that it could be operated more intimately within the savings bank system than would be the case with an investment company.

However, an informal ruling of the Intrepretative Division, Bureau of Internal Revenue, clearly disqualified such a device on the basis of taxation. It was the definite opinion of the Bureau that such a fund due to institutional rather than fiduciary participations would not enjoy the tax-exempt status which, of course, is one of the outstanding characteristics of the common trust fund. It would have constituted within the purview of the Internal Revenue Code a management investment trust and would have been taxable as an association. It was thus of no further interest to us.

As a regulated investment company our contemplated company would be tax-exempt as to distributed income derived from interest and dividends, if such distribution amounted to at least 90% of the total of such income. Capital gains, if retained, would be taxable to the company while, if distributed, they would be taxable to the recipient bank.

The essential requirements for qualification as a regulated investment company under the Internal Revenue Code are as follows:

(1) Income must be derived to the extent of 90% from securities; (2) less than 30% of income must be derived from sale of securities held for less than 3 months; (3) company's assets to the extent of 50% must be represented by cash and securities which, with respect to any one issuer, do not constitute more than 10% of the issuer's securities or more than 5% of the company's assets; (4) not more than 25% of assets shall be invested in securities of one issuer or any securities of two or more issuers controlled by the same taxpayer.

The company's purpose and function would be to provide a professionally managed, diversified mutual investment for savings banks in leading common stocks; the portfolio would be selected and managed from the exclusive standpoint of savings bank requirements and objectives.

Presumably the investment company would execute a management contract with Savings Banks Trust Company in New York City. The latter company, would thus become the focal point of the investment company's management. The officers and staff of the trust company, amply supported by external sources of recognized competence and outstanding qualification in the field of equity investment, would constitute the substance of this management which would operate within a framework of policy determined by the Board of Directors of the investment company.

The management fee in connection with the foregoing service would certainly be moderate—probably no more than one-third of 1% of net assets annually. It is of interest to note that the average management expense for five representative investment companies for 1951 was .47% of net assets. Total expenses for this group averaged .61%.

As an open-end company its shares would be sold and redeemed at substantially net asset value; presumably there would be a slight charge to cover brokerage commissions and taxes. Obviously there would be no loading charge which, for various management investment companies, amounts to as much as 9% or more.

It might be of interest to mention briefly the principal advantages of a mutual investment company as against direct investment in common stocks by savings banks:

(1) Significant diversification—especially for small and medium sized banks and for banks of larger size contemplating gradual investment over a period through dollar averaging.

(2) Professional and expert management; continuous intensive supervision; trained personnel would be in better position than that of most savings banks to draw with maximum effectiveness on outside sources of information; most savings banks could not afford services of such specially trained personnel in connection with investments that would amount to only a small percentage of assets.

(3) Economy; having attained substantial size the company could operate an appropriately diversified equity portfolio at lower cost per dollar invested than an individual savings bank—assuming that the savings bank were to maintain adequate facilities.

(4) Appropriate investment policy; company would assure equity, investment in accordance with savings bank objectives in such securities; a Board of Directors would consist of savings bankers familiar with investment requirements of the banks; company would be operated free and apart from any individual influences in a savings bank which, however well intended, might not best serve long-term investment interests; a separate detached objectivity would mark the operations of the company.

By way of conclusion I might indicate that it is not my intention to imply in any way that equity securities in and of themselves provide the final answer to the investment problems of the savings banks. Presumably such securities would never occupy more than a minor position in savings bank investment portfolios as long as the operations of savings banks are guided by sound banking principles. Marginal factors, however, can be of major and at times controlling importance. Thus the virtual assurance that preferred and common stocks would not become major savings bank investments should not be considered a jusification for denying to this subject the careful consideration and thought which it deserves.

The savings banks today operate under intensively competitive conditions in a rapidly changing world. To perform adequately the function for which they were created — the encouragement of thrift and the attraction of savings—they will require the maximum earnings that can be produced within the scope of sound banking policy and prudent operation. Equity investments, even as limited under the New York law, but allowing for some reasonable power covering stocks of commercial banks and casualty insurance companies, would make some worthwhile contribution to this end. It must be recognized that institutional investment practices are changing and that, to some extent consistent with their functions and responsibilities, investment practices of the savings banks must change also. Thus in their operations and investments these institutions should reflect to some appropriate extent the financial and economic facts of their contemporary environment.

Continued from page 5

The State of Trade and Industry

gross national product in the first quarter of this year was at a record annual rate of $339,500,000,000. This was an increase over the last quarter of 1951 of about $5,000,000,000. Gross national product is the department's estimate of all goods and services produced in the United States. Since average prices in the first quarter remained unchanged, the first quarter increase was attributed by the department to larger physical output.

The National Production Authority recently issued third quarter construction allotments for 1,069 commercial, religious, entertainment and municipal projects. These allotments represent an estimated cost of $337,000,000. Leading the list with allotments of steel, copper and aluminum were 249 retail stores. NPA gave special attention to so-called "hardship" areas where there is unemployment among construction workers.

Contemplated building construction continued to rise seasonally in April. The total value of building permits for 215 cities last month was $416,017,261, according to Dun & Bradstreet, Inc. This represented an increase of 18.8% above the March figure of $350,270,591. It was the largest monthly volume since August last year, and compared wtih $372,503,130 in April, 1951, or a gain of 11.7%.

Reaching the heaviest toll of the past 20 months, business failures in April numbered 780, or 13% above the 1951 level. Casualties, though, were still not so numerous as in April of 1950 or 1949. Allowing for seasonal changes, failures rose, as indicated by Dun's failure index, to an annual rate of 31.6 for every 10,000 listed enterprises from March's 29.3.

Liabilities involved in the month's failures amounted to 1% more than a month earlier. At $29.5 million, they were 73% above last year's April total. The number of failures in all liability size groups rose in the month and, except those with liabilities under $5,000, exceeded 1951 levels.

A large part of the month's rise in failures occurred in manufacturing, the only declines in that group having been among stone, clay, and glass manufacturers, leather producers, and apparel fabricators. Among wholesalers lumber and building materials dealers reported more failures than in a year and a half. Failures among food retailers rose in the month, while furniture store casualties reached a 15-month peak.

Six of the nine major geographic regions reported more failures than in the previous month. The sharpest rises were in the West South Central (principally Texas), the East North Central (mostly Ohio), and the Pacific Coast States (largely in Oregon and California).

Steel Output Scheduled at Higher Rate This Week

Steel inventories are better than money in the bank, says "Steel," the weekly magazine of metalworking.

While some of the need for steel has evaporated delivery schedules have been slowed and further interruptions in them are threatened. And there's no near-term likelihood that steel prices will drop; they are most apt to go the other way, this trade journal adds.

The steelworkers' two work stoppages in April, which caused a loss of approximately 2,360,000 net tons of ingots and steel for castings, will delay shipment of some steel products from second quarter to third quarter. Vote of the steelworkers' union last week to call another strike against the steel industry unless there is a prompt settlement of the union's long-standing wage dispute with the producers freshens the danger of further interruptions in production.

Vehemence of the union suggests that its patience will be strained in waiting for the United States Supreme Court's decision in the Presidential plant seizure case, even though the decision is expected sooner than usual. Certainly, the union's patience will break if the Court's decision is in favor of the steel industry, this magazine asserts.

While the lessened demand for steel has been felt on the order books of premium-price sellers, the need for steel is still strong enough that no significant price concessions can be expected in the regular-price market, particularly in view of further production interruptions and possible increases in steel wages and prices.

Another steel strike, particularly if it is a long one, might cause the stringency in some of the major steel products to continue through the fourth quarter. Regular-price producers who accept bookings for an entire quarter are booked full on products now in tightest supply. Another strike would delay some second-quarter deliveries into the third quarter, and, in turn, some third-

quarter tonnage would be pushed over into the fourth quarter, continues "Steel."

Current production of steel is up again nearly to the level prevailing before the April labor trouble broke out. In the week ended May 17, output of steel for ingots and castings was at 101% of capacity, compared with 83% in the preceding week. The 101% rate produces 2,097,810 net tons, this trade journal states.

Carbon plate in heavy and wide sizes continues in strong demand, and regular-price producers have no trouble booking orders through the third quarter. Light plate from the continuous strip mills is in fairly easy supply. Railroad equipment builders, regarded generally as the best buyers of this material, are specifying less actively.

Demand for structural shapes continues to ease in most areas. It appears that the bulk demand for this product will be coming from bridge, highway, street and public projects, concludes "Steel."

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be at 101.3% of capacity for the week beginning May 19, 1952, equivalent to 2,104,000 tons of ingots and steel for castings, or an increase of 0.1 point above the previous week's actual production of 2,102,000 tons, or 101.2% (actual) of rated capacity.

A month ago output stood at 100.5%, or 2,087,000 tons.

Car Loadings Continue to Decline

Loadings of revenue freight for the week ended May 10, 1952, totaled 719,793 cars, according to the Association of American Railroads, representing a decrease of 24,799 cars, or 3.3% below the preceding week.

The week's total also represented a decrease of 88,334 cars, or 10.9% below the corresponding week a year ago, but an increase of 8,004 cars, or 1.1% above the comparable period in 1950, when loadings were reduced by a strike of railroad firemen.

Electric Output Advances Further in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended May 19, 1952, was estimated at 7,085,000,000 kwh. (preliminary figure due to delayed returns caused by Western Union strike), according to the Edison Electric Institute.

The current total was 45,562,000 kwh. above that of the preceding week when actual output amounted to 7,039,438,000 kwh. It was 525,782,000 kwh., or 8.0% above the total output for the week ended May 19, 1951, and 1,240,439,000 kwh. in excess of the output reported for the corresponding period two years ago.

U. S. Auto Output Holds Steady in Past Week

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," totaled 94,814 units, compared with the previous week's total of 94,922 (revised) units, and 115,281 units in the like week a year ago.

Total output for the past week was made up of 94,812 cars and 26,053 trucks built in the United States, against 94,922 cars and 25,268 trucks (revised) last week and 115,281 cars and 31,011 trucks in the comparable period a year ago.

Canadian producers last week turned out 7,570 cars and 3,260 trucks, against 7,240 cars and 3,079 trucks in the preceding week and 7,050 cars and 2,785 trucks in the similar period of a year ago.

Business Failures Move Downward

Commercial and industrial failures declined slightly to 154 in the week ended May 15 from 161 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties were down moderately from the 171 and 199 which occurred in the comparable weeks of 1951 and 1950. They were off sharply, 47%, from the prewar total of 289 in 1939.

Liabilities of $5,000 or more were involved in 124 of the week's failures compared with 132 in the previous week and 135 a year ago. Small casualties, under $5,000, rose slightly, but were not as numerous as last year.

The week's decrease centered in manufacturing, construction and commercial service. Retail mortality increased to 93 from 77, while wholesaling remained at 13. Casualties were lighter than a year ago in all industry and trade groups except retailing, where 77 businesses failed a year ago.

The Pacific States, with 33 casualties as against 45 a week ago, and the New England States, with 13 as against 21, accounted principally for the lower mortality during the week. Four regions, on the other hand, reported increases, including the Middle Atlantic and the South Atlantic states. While four geographic areas had more failures than last year, a decrease from the 1951 level prevailed in the other five regions, with marked declines from a year ago in the Middle Atlantic and Pacific states.

Wholesale Food Price Index Advances to Highest Point in Six Weeks

Rising for the third straight week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., went to $6.38 on May 13, the highest in six weeks, or since April 1, when it stood at $6.40. The current figure is up slightly from $6.36 a week earlier, but represents a drop of 11.1% from $7.18 recorded on the like date a year ago.

The index represents the sum total of the price per pound of 31 foods in general use, and it chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Average Continues Mild Uptrend

The general price level showed a further mild rise the past week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., advanced to 297.08 on May 13, from 296.88 one week earlier, and compared with 319.68 on the corresponding date a year ago.

Grains were irregular, but on the whole displayed a firm tone during the past week. Wheat advanced early in the period on good demand and continued light receipts, but buying in late sessions was greatly curtailed by the Department of Agriculture forecast of a bumper Winter wheat crop.

The indicated yield of Winter wheat for this year was placed at 986,468,000 bushels and Spring wheat at 307,000,000 bushels, making a total of 1,293,468,000 bushels, the third largest on record.

Last year's total wheat production was only 987,474,000 bushels. Corn prices rose moderately, largely reflecting the continued advance in hog values. The weather was ideal for soil preparation and small grain seedlings were reported well ahead of last year. Rye prices rose sharply, influenced by the prospect of the smallest crop since 1934. Trading in all grain futures on the Chicago Board of Trade last week fell to a daily average of 37,500,000 bushels last week, from 40,400,000 bushels the previous week, and compared with 27,800,000 last year.

Domestic demand for all types of flour remained inactive last week. Shipping directions continued light and export business was small. Trading in the spot cocoa market was quiet with prices maintained at ceiling levels. Futures were firm and higher, aided by hedge lifting and better manufacturer interest. Warehouse stocks of cocoa increased to 102,732 bags, from 96,503 a week ago, and compared with 136,359 bags last year.

Hog values were again up sharply to reach the highest levels since last October. The rise was influenced by seasonally small receipts and higher prices for wholesale pork cuts.

The price of lead was reduced three times in the past two weeks for a total drop of 4 cents, bringing the current price to 15 cents a pound, the lowest since September, 1950. The decline was attributed to lagging demand for consuming industries. Some improvements in sales was reported following the latest reduction. Hide prices continued to advance in active trading, aided by speculative buying and a broadening of activity in the leather market. Current hide prices are two to three cents above recent lows.

Trends in cotton were mixed with closing prices up moderately for the week. Buying was influenced by the unfavorable developments in Korean truce talks and the suspension of credit restrictions. Mill demand was only fair. Export interest was limited and sales were small. Sales in the ten spot markets declined sharply to 39,100 bales, from 55,600 the week before, and compared with 38,000 in the corresponding week a year ago. Business in cotton textiles continued slow.

Trade Volume Lifted by Sales Promotions and Removal of Consumer Credit Controls

Promotions of giftware and apparel merchandise helped boost total retail volume in the Mother's-Day-centered period ended on Wednesday of the past week. The suspension of consumer credit controls by the Federal Reserve Board gave further impetus to the buying of appliances, home furnishing and other consumer durables. Although there were more instalment purchases than before the retraction of Regulation W, consumers continued to show caution.

At the end of the first week of suspended credit controls there were no signs that shoppers were ready for any buying binge on unsound payment terms.

Retail dollar volume for the nation in the period ended on Wednesday of last week ranged from estimates of 2% below to 2% above the year-ago level. Regional estimates varied from the comparable levels of a year ago by the following percentages: New England —3 to +1; East —4 to unchanged; Midwest and Northwest —5 to —1; South —2 to +2; Southwest +2 to +6; Pacific Coast +3 to +7.

Mother's Day promotions were the chief bulwark of apparel store volume in the week. The surge of interest in lingerie, house-dresses, robes, and accessories met retailers' expectations in most parts of the country. There was also increased spending for summer sportswear, blouses and moderately-priced cotton dresses.

Grocery stores reported a slight pickup in volume from the preceding week and food volume for the nation continued to exceed last year's levels.

Warmer temperatures in many parts of the country were reflected in increased spending for dairy products and soft drinks. Meat purchases dipped slightly.

Consumer hard goods were bought in larger volume than a week before, chief increases being noted in the buying of household maintenance items, garden appurtenances and appliances. Sales of the latter were benefited by special promotions advertising easier credit items.

In many communities the volume of electrical appliances and furniture shot well above the figures of the corresponding 1951 week. New Car sales rose moderately.

Mounting activity in many commodity markets brought total wholesale order volume closer to year-ago comparatives than it had been in several weeks. Although a large part of total wholesale volume continued to be for defense and defense-related industries, the recent pickup in new orders and re-ordering seemed to stem chiefly from consumer-oriented industry. Buyers in the wholesale markets were generally less hesitant than they had been so far this year in placing long-term commitments.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended May 10, 1952, advanced 6% from the like period of last year. In the preceding week a decrease of 2% was registered below the like period a year ago. For the four weeks ended May 10, 1952, sales rose 1%. For the period Jan. 1 to May 10, 1952, department store sales registered a decline of 6% below the like period of the preceding year.

Retail trade in New York last week dropped about 6% below the volume of the like week a year ago, but when due consideration is given to the high degree of inflation in 1951, the current figure is looked upon as being normal.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended May 10, 1952, decreased 3% below the like period of last year. In the preceding week a decline of 8% was recorded from that of the similar week of 1951, while for the four weeks ended May 10, 1952, a decrease of 5% was registered below the level of a year ago. For the period Jan. 1 to May 10, 1952, volume declined 10% under the like period of the preceding year.

Joseph Harris Acquires New Exch. Membership

Joseph J. Harris, managing partner of Harris and Company, 11 Wall Street, New York City, stock brokers, originators and floor specialists, and member of the New York Stock Exchange and New York Curb Exchange has been admitted to membership on the Calgary (Alberta, Can.) Stock Exchange.

Joseph Harris

Mr. Harris has been a floor specialist on the Curb Exchange since 1943. Prior to that time he was associated with the department store and chain store division of National Cash Register Corporation for four years.

Sioux Oil Co. Stock Offering Completed

A public offering of 800,000 shares of common stock of Sioux Oil Co. (Colo.) has been completed, all of these shares having been sold. The offer was first made in April at 32 cents per share by James M. Toolan & Co.; Hunter Securities Corp.; and Brereton, Rice & Co., Inc.

The net proceeds from this financing were added to working capital.

The Sioux Oil Co. operates two refineries, one in Newcastle, Wis., the other in Chadron, Neb.

Mrs. Woods Winner of Bache-Jamieson Award

MINNEAPOLIS, Minn.—Mrs. A. E. Woods, of Minneapolis, was the winner of one share of common stock of General Mills common stock, offered as a prise by Bache & Co. and Jamieson & Company at the General Federation of Womans' Clubs convention at the Minneapolis auditorium in Minneapolis. The award was made as part of a campaign being conducted by Bache and Jamieson to inform women of the importance of wise investing to maintain the purchasing power of their dollar.

Waldron & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Wendell H. Hand, Jr. has been added to the staff of Waldron & Company, Russ Building.

With Investment Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Haro K. Mohlman is now with Investment Service Corporation, 444 Sherman Street.

Joins A. M. Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

SARASOTA, Fla.—Ruth E. M. Wilcox is now affiliated with A. M. Kidder & Co., 200 South Palm Avenue.

With Paul H. Davis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Joseph P. Kelly III is now with Paul H. Davis & Co., 10 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Faroll Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William B. Henderson has become affiliated with Faroll & Company, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

If you've been watching the stock market for the past week you know what a dismal affair it has been. From everything I can see ahead it doesn't look like the picture will change in the near future.

* * *

Whenever a market gets in a position where general malaise seems to affect it, you can almost be certain that it is waiting for something outside of itself to occur. In this case it is probably news. The market is trying to anticipate the news, but so far with only mediocre success.

* * *

The places or events that can give the market this anticipated news are many and as varied. High up in the standing is, of course, the pending Supreme Court decision regarding the steel companies. Equally important but probably less understood is the economic grayness that is now afflicting most of the Marshall Plan countries.

* * *

Countries buying from us—some with Marshall Plan funds—are desirous of selling to us. But without dollars they are stymied. Protective tariffs imposed against various countries have raised the barriers still higher. How to obtain dollars and how to get over the barriers are problems that will almost certainly have a deep effect on our foreign business.

* * *

In many instances this demand for dollars is partially filled by foreign interests selling their American securities for dollars and using these funds to draw against. England is a prime example. Holland is another.

* * *

As these securities are sold they are picked up by mutual trusts and individual American investors. A study of SEC reports showing buyers and sellers will disclose such transactions.

* * *

Where all this unbalance of trade will lead is a question that is troubling industry. No one has the answer because the answer itself is a complex one consisting of many parts. The end result, however, is a nervous stock market that acquires its jitters from the uncertainties that are inherent in the problem.

* * *

Some of these ramifications cannot be reflected in a market action of one day or even a succession of days. It requires weeks or even months to evaluate the probabilities and possibilities. For the average investor and trader to interpret these currents and cross currents and act on them is obviously impossible.

* * *

The safest thing is to step aside and let things develop. The inner structure of the market points to about a 10-15 point reaction. To sit through it may not be easy. Therefore a liquid position is indicated until a clearer picture of what is ahead can be seen.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of A. A. Mol to Irving G. Kaufmann will be considered by the Exchange on May 29.

Fredrick J. Pflugfelder & Co. will dissolve May 30.

Farr & Co. will retire as an Exchange member firm on May 31.

Franklyn Boutelle will withdraw from partnership in Burton, Cluett & Dana on May 31.

Leslie R. White Joins Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Leslie R. White has become associated with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges. Mr. White for many years was with Bond & Goodwin, Incorporated and recently was associated with Robert Hawkins & Co.

George D. B. Bonbright to Admit R. C. MacCorkle

Robert C. MacCorkle, member of the New York Stock Exchange, on May 22 becomes a partner in the Exchange member firm of George D. B. Bonbright & Co. of Rochester. Mr. MacCorkle has been active as an individual member of the Exchange.

Chas. Parcells Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Herbert L. Waller has become associated with Charles A. Parcells & Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges. Mr. Waller was formerly with C. G. McDonald & Co.

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Something Can and Must Be Done About the Federal Budget!

commitments and archaic procedures is illustrated by the fact that the military itself estimates that at the end of fiscal year 1953 its unexpended balances in appropriations will exceed the amount spent by it during the year.

Assuming that the President's request for $7.9 billion for foreign aid should be granted, this appropriation authority would firmly commit the United States to the expenditure of more than $5 billion in fiscal year 1954, and $1.5 billion as far in the future as 1955, exclusive of additional expenditures and commitments to be made under subsequent appropriations for those years respectively.

Congress to date has indicated that it does not intend to enact numerous new expenditure proposals by the President, and beyond this there is reason to believe that there will be some reduction in both appropriations and expenditures on some of the old programs. But there is reason to expect the President will ask for at least $5.5 billion more in appropriations before Congress adjourns—$4 billion for atomic energy and $1½ billion for Korean war requirements. It is probable that all of the billion and a half for the Korean war will be actually spent in fiscal year 1953, but only about a $½ billion of the new money for atomic energy will be spent in the coming fiscal year. The remainder of the atomic energy funds will be committed for expenditure in subsequent years. The appropriations are made in 1952, but the expenditures are made against the revenue in some subsequent year. It is annual expenditures (not appropriations) against annual revenue which results in deficits or surpluses. Once the appropriations are made by Congress, it is the executive branch which usually determines when the money is to be expended.

This situation was recently described by the Hon. Lindsay Warren, Comptroller General of the United States, when he testified as follows:

"Legislative power of the purse is the basic fiscal policy of our constitutional system of checks and balances. . . . There is no denying the power has been weakened. . . . During the past 10 or 15 years a great deal of legislation has been passed which, bit by bit, has had the effect of leaving executive agencies free to do what they will in their spending action. . . . While some of that legislation was temporary, some has come to be standard practice. The point is that to the extent Congress enacts such laws it relinquishes its control of public funds and little by little gives away its great patrimony. . . ."

I believe a long step in the direction of the recapture of expenditure control by Congress and in the direction of orderly fiscal procedure would be made by the adoption of Senate Concurrent Resolution 27.

This resolution is inadequately referred to as the single appropriation resolution. But it does more than dump all of the appropriations under one cover, which was the extent of the trial given the single appropriation bill procedure year before last.

This resolution would modernize the current archaic legislative appropriation procedures. Not only would all the appropriations be included in one bill where they could be added up at the end, but provision would be made for Congress to enact limitations on expenditures from both current and prior appropriations and authorizations. Contrary to present practices, this would require the Congress and its appropriations committees, as well as the Bureau of the Budget, to give exhaustive examination and re-valuation to appropriations and authorizations enacted in prior years in response to long-term estimates as they existed at that time. This annual review would provide a basis for readjustment to meet changing requirements. With limitations on expenditures from all available appropriations and authorizations, in a single appropriation bill, we could draw a line at the bottom and arrive at a total of expenditures which would be comparable to estimated revenue. The deficit or surplus could be more exactly estimated and the facility would be provided for appropriate expenditure control action.

In addition to this type of single appropriation bill procedure with its expenditure control technique, each standing legislative committee of Congress should establish immediately a subcommittee charged with immediate and continuing review of all statutes under its jurisdiction requiring long-term commitments. The purpose of these subcommittees would be to recommend modifications, amendment, or repeal of statutes for economy and efficiency in view of changing conditions and needs.

Until such action is taken every possible device should be used to safeguard Federal fiscal integrity.

In view of the estimated deficits it is probable that legislation soon will be required to increase the Federal debt limit. If that proposal is made I shall insist that the ceiling be raised only in small stages, and that every request for ceiling-raising legislation be made subject to exhaustive examination of the entire fiscal situation, in order that the debt and its attendant evils may be kept under the greatest degree of control possible.

The Consequences

The time to start on these or other spending reforms is now. If we can not balance the budget in these days of high prosperity, when can we balance it?

Are conditions going to be better next year, or the following year?

A strong and determined President, acting vigorously on the conviction that the maintenance of national credit and sound currency is the foundation of Democracy, would be helpful in bringing about stability.

For nearly twenty years we have been on a spending spree in this country. Now it seems to me the stage has been reached where we are either going over the brink or turn around. There isn't a great deal of time, one way or the other.

Another series of great deficits will light anew the flames of inflation, and especially if the inflation spark is started on another front when the President uses his office personally to fix the wages of the steel employees, fix the price of steel, and then determine the issue of the closed shop. But let us not be disturbed, as all of this will be done "in the public interest."

This personal usurpation of power is a cap-stone upon the power which is inherent in the breakdown of the legislative budget control and the Federal expenditure of billions of dollars a year, along with that which is derived from scores of Federal giveaway programs which subsidize States, business, agriculture and individuals.

Centralized power and purse breeds a sinister political philosophy which scorns frugality, efficiency and integrity; which attaches no importance to waste, debt or immorality; which advocates indefinitely the political formula of "tax and tax, spend and spend, and elect and elect"; and which has no scruples against using public money to influence political decisions.

You may not believe it, but for all the vast Federal bureaucracy to which is entrusted so much of our freedom and treasure there is not a single Civil Service regulation against waste of money, material or space.

To me deliberate waste is a dreadful thing, and public waste is the most dreadful of all because it is a breach of trusteeship.

Nothing is so difficult to contend with—nothing is so utterly demoralizing and ruinous. In public affairs it is easy to start and hard to stop.

This nation is now cursed with waste in public administration to an unprecedented degree and unparalleled extent. It is another product of big government. It permeates the whole governmental structure. Scarcely any agency is free of it.

Just as waste is inherent in centralized power and purse, so also is corruption inherent in this trilogy of power and purse and waste.

I am firmly convinced that the venal conditions at Washington are directly attributable to the concentration there of power with the resulting waste which has reached such astronomical proportions in the last 20 years. I can document this statement completely.

To my mind this venality is in three parts.

One part is that which is illegal and criminal. This is bad enough. But penalties attach and when the culprits are caught they can be tried and convicted.

The second part is worse. It involves those who are able to exploit within the law public trust for private gain.

To me every dollar collected in taxes, and every power delegated to a government is indelibly impressed with a public trust.

Those who take the position that venality in public office is proper unless it is illegal are the lowest form of political predators.

Those who have peddled influence and favors in connection with government contracts and loans and other forms of Federal favoritism, and still remain out of jail will never themselves be influenced by any code of ethics hanging on the wall.

The third part of venality in the Washington administration is the worst of all. It is in the form of amorality. This sets in when we are so hardened by all that we observe around us that we are no longer able to distinguish the moral from the immoral.

When Mr. Newbold Morris arrived he was supposed to be the Hercules to cleanse the Augean Stables at Washington, but he could not survive the political weather. Even before he got into action he was summarily dismissed "for the good of the service."

A government without integrity is a government without confidence or respect.

Our free enterprise system is based upon confidence in fiscal soundness. Our system of government by law—not men—is based upon respect for the institutions which administer the law.

Under the conditions as they have developed in 20 years of deficit spending, there is no wonder that we have been experiencing a dangerous trend toward socialism which is described in some quarters as the "welfare state."

The President has said it is an insult to the intelligence of the

American people to say this country is on the road to socialism.

I submit he has proposed the socialization of agriculture under the Brannan Plan, the socialization of medicine under the Ewing Plan, and the socialization of housing under Federal programs. These three proposals alone would mean the socialization of your health, your food, and the roof over your head.

Constantly increasing the number of those on the public payroll, either directly or through government payment programs, effectively promotes socialism. A population of government dependents is a socialized population.

Among the cardinal characteristics of socialism are government subsidies with controls, and government regimentation with dole. I am against this.

The American system, operating in the fullest freedom of democracy, stimulates individual initiative to the development and production or more of what we need, in peace or war, at a cost we can more easily afford from the earnings of our endeavor. I am for that.

Worth Fighting For

The National Industrial Conference Board needs no definition of the free enterprise system from me. It is the system which, in the relatively short span of 160 years, has brought us from the impotency of 13 un-united colonies to our present position of world leadership. I do not concede that is should be scrapped for socialism in welfare state clothing which never brought greatness, happiness or security to any nation.

The American system has developed individual freedoms under constitutional democracy to the fullest measure ever known to man. It is the system which is always ready to supply the vital spark needed by the deserving to expand mediocrity into genius. It is the system which supplies the incentive to every American to start at the bottom and rise to the top.

It is the system which enables us with only 6% of the world's population to out-produce the rest of the world combined. It is the system which produces steel, the prime requirement for military defense, at a rate of more than two tons for every one produced by the rest of the world—at a rate of more than four tons to every one ton produced by Russia.

I challenge the socialists to offer a practical substitute for the American system's capacity to hold Russian world aggression at bay.

Our free enterprise system is the greatest deterrent in the world to Russian aggression. It is this system which is our first line of defense. Our armies, navies, and air forces are merely the tools through which the strength of this system is applied in war.

With our eyes wide open, will we yield to the ever-increasing socialization of those freedoms and institutions which are vital to our democratic free enterprise?

The thing that is most inflated in America today is the Federal Government. Big government costs big money. Inflation is conceived and born in Washington. Only the Federal Government can spend in unlimited amounts. It alone determines the value of money and the extent of credit, because it alone is legally empowered to do so. A Federal bond is a first mortgage on all the property owned by every American citizen.

Today we have conditions confronting us such as we have never before experienced. We are faced with the threat of war, and this may continue for many, many years. All the world is looking to us for leadership, and money—more especially the latter.

There has never been a time when we should exercise greater wisdom in mapping our course. We should tighten our belts for the long, hard pull ahead. Until world conditions change it would be tragic if we did not maintain an adequate world military power. We must keep ahead of Russia in military invention and scientific progress. This I believe we are doing. Our air force must be overwhelming as compared to Russia. We must continue to control the seas. Our army must be adequate.

All of this I feel confident we can do but only if we require more efficiency and less waste and the complete elimination of nonessential spending.

We must likewise do our share to arm our allies who are menaced as we are. Common prudence should compel us to husband our resources to meet whatever contingency the future may bring forth.

I do not concede that either democracy or free enterprise, or any other American freedom has run the course of its usefulness in the world. They have been worth fighting for in the past against both economic and military challenge, and I do not concede that they were any dearer to those who have fought and won before than they are to us today. The battle lines are drawn. The forces of freedom in America need recruits.

We must demand that short of total war our Federal budget be balanced. We must not ask for "pet" Federal appropriations but demand that the President and the Congress keep the Federal spending within the ability of the people to pay. Let us all recognize that we can not pyramid deficit after deficit on an existing Federal debt of $260 billion and survive as a democracy.

Once the American dollar goes down, we will enter an age of international darkness. It is the only currency that everybody, everywhere in the world, has confidence in.

We have never before experienced such responsibilities as have been thrust upon us now. We must restore fiscal responsibility. We must restrain centralized power. We must recapture public integrity. These things we must do to protect ourselves from ourselves. Unless we do these things we cannot hope for strength to protect ourselves, much less half the world, from Communist aggression.

The essence of freedom, under our American democracy, lies in our system of checks and balances. Within the Federal Government, checks and balances are provided through a three-branch system—the Executive, the Legislative and the Judicial.

Beyond this, still other checks and balances are provided in our system of State and local governments, which lie closest to individual citizens from whom all governmental power and authority is derived. Our democracy has been given vitality by our system of competitive free enterprise, which, to this point, has made us, through individual initiative, the greatest nation on earth. I stand for this system, with the absolute minimum of governmental shackles. Our four foundation stones are freedom of religion, freedom of speech, freedom of the press, and last but not least, freedom of opportunity to the individual under the competitive enterprise system.

Along with all of this, today it is paramount that we should not forget for one moment that without American solvency there would be no deterrent to Communism abroad. In the existing circumstances it is no exaggeration to say that there is literally nothing on earth more important than the preservation of the fiscal and moral integrity of the Federal Government of the United States of America, and the freedoms upon which our Republic was founded.

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Ferdinands in the Bull Market

it's unlikely that 1952 will approach that mark, although the $1.00 dividend may be sustained. PA is a rather unlikely nominee as the stock market rocket of 1952.

Lambert Co. may be set down as historically, a relatively stable earner, and a common moving within a quite narrow price range. In the last 5½ years its high was 44 and low, 17. Listerine Antiseptic, the major product, has year after year, maintained a dominant position, and Pro-phy-lac-tic Brush Co., plus an ethical drug business, Harrower Laboratory, have widened the earnings horizon. Dividends on the 774,621 shares of common have been paid, without a miss, since 1926; $1.87½ in 1951. For a quite stable value, rather devoid of volatility, LAM may interest you at current levels.

Servel, the largest producers of gas refrigerators, has been a market disappointment. With sound management, and a vastly increased production and distribution of natural gas, it would have seemed that Servel should have highly prospered. The company was apparently handicapped by certain engineering shortcomings of some models, turned out several years ago. But with great integrity, and at a cost of hundreds of thousands of dollars, it offered replacement of many of these early units. Today Servel makes probably the best gas refrigerator (with an electric switchover feature) and a combination heater and air conditioner. It also has an important contract with Republic Aviation for airplane wings. Servel might now be ready to show some improvement. It sold at 34 in 1944.

Loew's, Inc., has followed, in general, the somewhat submerged trend of the picture industry, and was hit with a decree requiring divestment of its theater holdings by 1957. Movie attendance, postwar, has not been exactly a thing of beauty, what with television competition and all; but top pictures still draw, and maybe the vast library of "oldies" will one day become, in itself, a big earner. Loew's, at 16⅛, if it continues the $1.50 per share dividend paid in each of the last five years, might be worthy of consideration.

Ruppert, as discussed here two weeks ago ("Brews in the News"), appears to have turned a corner and offers not only a light beer, but some fair reasons for a more constructive attitude toward its common.

Elgin, I guess, suffered from influx of foreign watches, but it's a famous time piece name; and if you get all the latest statistics from your broker you may conclude it's time Elgin advanced.

Northern States Power is really a fine utility with a good yield (70 cents a share). While it looks like a market Ferdinand, it's really done a little better because it has given rights to buy more stock, and is about to offer further rights next month. It seems never to offer itself as a speculative leader, but on a yield basis it will always have friends.

You must appreciate that this piece is short and incomplete; and that your own study can produce many more "Ferdinands" like, perhaps, Brunswick-Balke, Hudson Motor, Congoleum, etc. Look these over and see, if you can, how to so arrange your stock purchases that you avoid the laggards in the future—the Ferdinands in the bull market.

Continued from first page

As We See It

It is for this reason that it appears to be an unpleasant necessity to look with care into some of this nonsense. We are somewhat at a loss to know precisely what to say about the crass appeal to those who have for so long been fed at the Democratic trough—or at least at the public trough with Democratic cooperation. References to what the President and his party had done and are still doing and are prepared to do in the future for the farmer and the labor unions are so obviously class appeals that one wonders how the disagreeable fact could be made clearer.

The mockery of bi-partisan foreign policies is perhaps a little less obvious, but hardly so obscure that he who wishes to understand need have great difficulty in realizing the true inwardness of what is actually taking place. In essence, the President's argument seems to boil down to something like this: The Democratic party is in power; it has been repeatedly elected to office by the people for the past two decades; it has often expressed its ideas about foreign policy and the people have not permitted all this to prevent the reelection of the party to power. A few handpicked members of the Republican party have at times been brought to Washington or sent abroad to take some part in the program. The foreign policies of the Democratic party are, therefore, bi-partisan policies, and any member of the Republican party who has ideas at variance with these policies is under obligation to repress them and support the "official line" at all times.

If this be true bi-partisanship, then we prefer some other type of public management.

Liberalism?

Ah! But that word liberalism! The President is not one, of course, to forget to make full use of a term now become a word to conjure with—and is conjured with day in and day out. Here is the way he put it:

"We stand for better education, better health, greater opportunities for all. We stand for fair play and decency—for freedom of speech, and freedom of the press, and the cherished principle that a man is innocent until he is proved guilty.

"Taken together, these principles are the articles of the liberal faith. I am sure that the liberal faith is the political faith of the great majority of Americans. It sometimes happens that circumstances of time and place combine to deny its expression. But the faith is there, and the reactionaries can never hope to have any but temporary advantage in this country."

Perhaps, it is as well that the President knows little of history—as well, that is, for the appeals he makes in its name, and for such assertions as these.

Liberalism? What, historically, is the meaning of the term? What is, or should be, the real meaning of the word today? If it means anything like what the President seems to assume it means, then there has been a very real semantic revolution during the past decade or two, with the result of assigning to this word a meaning precisely the opposite of that current when this nation was founded, and of that current when Franklin D. Roosevelt stepped into the White House in 1933. The liberal doctrines of the early days of this nation, doctrines which supplied the foundation of this nation and the warp and woof of our governmental and economic system, are now regarded as the very antithesis of liberalism by politicial ignoramuses who advocate economic and political notions that the American revolution was designed to end.

This congeries of notions and policies termed the New Deal or the Fair Deal (which is but the New Deal with a few new frills) is really in essence an adaptation of the "Mercantilism" of seventeenth and eighteenth centuries. Of those doctrines an authority in the field a dozen or so years ago said: "It is something (some term) opposite to *laissez faire* that is needed to cover the theories that can be loosely termed mercantilist, for all of them dealt with the nationalist state acting in the economic sphere. They were based upon the axiomatic premise that the state could, should and would so act, and they sought merely to direct such action into lines most profitable to the nation. . . ."

But, as this scholar goes on to explain, the various policies pursued led in time to the development of ideas such as those now termed *laissez faire*. The exponents of these ideas who succeeded in discrediting Mercantilism—Adam Smith, the French writers, Jefferson in this country—were the great liberals of that day. Can any one imagine any of these joining hands with the New Deal or the Fair Deal?

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	May 25	101.3	*101.2	100.5	103.6
Equivalent to—					
Steel ingots and castings (net tons)	May 25	2,104,000	*2,102,000	2,087,000	2,071,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 10				
Crude runs to stills—daily average (bbls.)	May 10				
Gasoline output (bbls.)	May 10		Not available due to oil strike		
Kerosene output (bbls.)	May 10				
Distillate fuel oil output (bbls.)	May 10				
Residual fuel oil output (bbls.)	May 10				
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 10		Not available due to oil strike		
Kerosene (bbls.) at	May 10				
Distillate fuel oil (bbls.) at	May 10				
Residual fuel oil (bbls.) at	May 10				
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 10	719,793	744,592	690,660	808,127
Revenue freight received from connections (no. of cars)	May 10	623,634	659,925	627,945	684,567
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 15	$284,683,000	$315,093,000	$235,105,000	$151,792,000
Private construction	May 15	165,538,000	145,158,000	120,896,000	74,811,000
Public construction	May 15	119,145,000	169,935,000	114,209,000	76,981,000
State and municipal	May 15	80,117,000	119,605,000	93,441,000	45,157,000
Federal	May 15	39,028,000	50,330,000	20,768,000	31,824,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 10	8,025,000	*8,575,000	8,050,000	9,603,000
Pennsylvania anthracite (tons)	May 10	721,000	811,000	604,000	845,000
Beehive coke (tons)	May 10	87,500	79,900	60,000	139,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 10	117	111	111	110
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 17	7,085,000	*7,039,438	7,104,255	6,559,218
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 15	154	161	188	171
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 13	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	May 13	$52.77	$52.77	$52.72	$52.69
Scrap steel (per gross ton)	May 13	$42.00	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 14	24.200c	24.200c	24.200c	24.200c
Export refinery at	May 14	27.425c	27.425c	27.425c	24.425c
Straits tin (New York) at	May 14	121.500c	121.500c	121.500c	139.000c
Lead (New York) at	May 14	15.000c	17.000c	19.000c	17.000c
Lead (St. Louis) at	May 14	14.800c	16.800c	18.800c	16.800c
Zinc (East St. Louis) at	May 14	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 20	98.92	99.20	98.27	97.30
Average corporate	May 20	110.15	110.34	110.15	111.44
Aaa	May 20	114.46	114.66	114.46	115.24
Aa	May 20	112.93	113.12	112.93	114.46
A	May 20	109.42	109.42	109.02	110.34
Baa	May 20	104.31	104.48	104.14	105.86
Railroad Group	May 20	107.44	107.62	107.44	107.98
Public Utilities Group	May 20	109.60	109.79	109.60	111.25
Industrials Group	May 20	113.70	113.70	113.70	115.04
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 20	2.57	2.55	2.62	2.68
Average corporate	May 20	3.16	3.15	3.16	3.09
Aaa	May 20	2.93	2.92	2.93	2.89
Aa	May 20	3.01	3.00	3.01	2.93
A	May 20	3.20	3.20	3.20	3.15
Baa	May 20	3.49	3.48	3.50	3.40
Railroad Group	May 20	3.31	3.30	3.31	3.28
Public Utilities Group	May 20	3.19	3.18	3.19	3.11
Industrials Group	May 20	2.97	2.97	2.97	2.90
MOODY'S COMMODITY INDEX	May 20	436.8	431.1	431.1	497.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 10	204,041	256,873	173,738	203,058
Production (tons)	May 10	206,350	199,614	198,938	252,035
Percentage of activity	May 10	81	82	81	104
Unfilled orders (tons) at end of period	May 10	412,863	417,564	423,844	732,449
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERAGE = 100	May 16	139.4	140.7	140.8	153.8
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	May 3	27,989	28,355	32,270	38,178
Number of shares	May 3	802,482	808,378	920,179	1,154,695
Dollar value	May 3	$35,834,718	$36,359,544	$41,508,247	$53,432,366
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 3	23,109	22,895	27,614	34,320
Customers' short sales	May 3	198	177	172	261
Customers' other sales	May 3	22,911	22,718	27,442	34,059
Number of shares—Total sales	May 3	660,310	657,482	772,858	972,495
Customers' short sales	May 3	7,792	8,064	5,858	9,401
Customers' other sales	May 3	652,518	649,418	767,000	963,094
Dollar value	May 3	$27,739,245	$28,108,492	$33,126,961	$41,932,600
Round-lot sales by dealers—					
Number of shares—Total sales	May 3	198,920	168,040	216,990	259,080
Short sales	May 3	———	———	———	———
Other sales	May 3	198,920	168,040	216,990	259,080
Round-lot purchases by dealers—					
Number of shares	May 3	310,790	348,230	348,760	450,750
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Apr. 26	282,540	299,230	238,890	354,890
Other sales	Apr. 26	6,949,140	8,376,390	7,003,580	9,176,910
Total sales	Apr. 26	7,231,680	8,675,720	7,242,470	9,531,800
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 26	774,990	944,200	754,160	898,280
Short sales	Apr. 26	146,230	157,040	108,910	186,010
Other sales	Apr. 26	632,040	837,200	570,270	741,430
Total sales	Apr. 26	778,270	994,240	679,180	927,440
Other transactions initiated on the floor—					
Total purchases	Apr. 26	219,600	230,800	197,800	249,250
Short sales	Apr. 26	16,100	24,400	10,100	11,700
Other sales	Apr. 26	195,780	283,300	203,610	255,290
Total sales	Apr. 26	211,880	307,700	213,710	266,990
Other transactions initiated off the floor—					
Total purchases	Apr. 26	289,833	327,365	268,185	384,767
Short sales	Apr. 26	36,600	41,200	43,310	83,240
Other sales	Apr. 26	353,495	419,125	352,871	404,030
Total sales	Apr. 26	390,095	460,325	396,181	487,270
Total round-lot transactions for account of members—					
Total purchases	Apr. 26	1,284,423	1,502,365	1,220,145	1,532,297
Short sales	Apr. 26	198,930	222,640	162,320	280,950
Other sales	Apr. 26	1,181,315	1,539,625	1,126,751	1,409,750
Total sales	Apr. 26	1,380,245	1,762,265	1,289,071	1,681,700
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	May 12	111.6	*111.5	111.5	———
Farm products	May 12	108.3	*107.9	107.2	———
Processed foods	May 12	108.7	*108.3	107.2	———
Meats	May 12	114.2	113.1	110.7	———
All commodities other than farm and foods	May 12	112.9	112.9	113.2	———

*Revised. †Not available. ‡On new basis. §Preliminary figure. ¶Includes 546,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of April	7,983,000	*9,404,191	8,845,979
Shipments of steel products, incl. carbon alloy & stainless (net tons)—Month of Mar.	6,890,391	6,358,293	7,105,078
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK — As of April 30:			
Imports	$210,951,000	$228,004,000	$287,741,000
Exports	134,932,000	137,664,000	110,874,000
Domestic shipments	7,172,000	8,211,000	11,634,000
Domestic warehouse credits	14,418,000	17,556,000	11,978,000
Dollar exchange	6,337,000	6,214,000	2,380,000
Based on goods stored and shipped between foreign countries	48,444,000	50,849,000	31,297,000
Total	$422,254,000	$458,498,000	$455,904,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of April (in millions):			
Total new construction	$2,471	$2,296	$2,388
Private construction	1,656	1,571	1,691
Residential building (nonfarm)	846	799	898
New dwelling units	750	710	810
Additions and alterations	84	77	72
Nonhousekeeping	12	12	16
Nonresidential building (nonfarm)	426	414	409
Industrial	205	212	152
Commercial	87	79	123
Warehouses, office and loft buildings	38	36	43
Stores, restaurants, and garages	49	43	80
Other nonresidential building	134	123	132
Religious	36	30	35
Educational	28	27	26
Social and recreational	10	8	15
Hospital and institutional	33	33	34
Miscellaneous	27	25	22
Farm construction	88	80	95
Public utilities	290	272	283
Railroad	32	30	29
Telephone and telegraph	35	31	40
Other public utilities	223	211	214
All other private	6	6	6
Public construction	815	725	697
Residential building	59	62	42
Nonresidential building	319	296	283
Industrial	112	99	67
Educational	140	135	125
Hospital and institutional	37	35	45
Other nonresidential building	30	27	46
Military and naval facilities	145	132	56
Highways	140	105	160
Sewer and water	59	50	62
Miscellaneous public-service enterprises	15	13	17
Conservation and development	72	62	69
All other public	6	5	8
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of April 30 (000's omitted)	$544,000	$534,000	$387,000
CONSUMER PURCHASES OF COMMODITIES — DUN & BRADSTREET, INC. (1935-1939=100)—Month of April	339.3	*328.5	330.4
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of March:			
Factory sales of washers (units)	248,431	255,864	368,455
Factory sales of ironers (units)	13,931	17,630	34,700
Factory sales of dryers (units)	41,161	44,540	44,020
NEW YORK STOCK EXCHANGE— As of March 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers net debt balances	$1,293,081	$1,280,294	$1,303,605
Credit extended to customers	39,002	39,526	54,023
Cash on hand and in banks in U. S.	351,748	367,248	391,325
Total of customers' free credit balances	765,722	789,688	918,245
Market value of listed shares	113,098,985	108,470,574	98,112,284
Market value of listed bonds	96,699,300	96,157,797	114,382,062
Member borrowings on U. S. Govt. issues	41,954	41,511	60,779
Member borrowings on other collateral	765,793	672,929	803,326
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of April:			
Net sales	———	———	———
Net purchases	$19,860,300	$485,200	$8,370,000
ZINC OXIDE (BUREAU OF MINES)—Month of March:			
Production (short tons)	14,864	15,093	18,604
Shipments (short tons)	13,814	14,115	18,469
Stocks at end of month (short tons)	31,646	30,596	11,245

*Revised figure.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★Allied Finance Corp., Silver Spring, Mo.
May 14 (letter of notification) $73,100 of 7% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—To provide additional funds for loans. **Office**—8025 Georgia Ave., Silver Spring, Md. **Underwriter**—None.

● American Can Co.
April 17 filed 989,599 shares of common stock (par $12.50) being offered for subscription by common stockholders at rate of one such share for each 10 shares held as of May 8; rights to expire May 26. **Price**—$26.25 per share. **Proceeds**—For expansion and working capital. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., New York. Statement effective May 8.

★American Gas & Electric Co. (6/17)
May 21 filed $20,000,000 of sinking fund debentures due 1977, and 170,000 shares of common stock (par $10). **Proceeds**—To be invested in common stocks of Appalachian Electric Power Co. and Ohio Power Co. and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) On bonds—Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; First Boston Corp.; Union Securities Corp.; Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler. (2) On stock—Blyth & Co., Inc. and Goldman, Sachs & Co. (jointly); First Boston Corp.; Union Securities Corp. **Bids**—Tentatively scheduled to be received on June 17.

● American Hard Rubber Co.
March 28 filed 96,655 shares of common stock (par $12.50) being offered for subscription by stockholders at rate of one new share for each four shares of preferred stock or two shares of common stock held as of May 16 (with oversubscription privileges); rights expire June 4. **Price**—At par. **Proceeds** — For plant additions and construction. **Underwriter**—None. Statement effective May 19.

★ American Investment Co. of Illinois (6/5)
May 16 filed 100,000 shares of cumulative prior preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriters** — Kidder, Peabody & Co., New York, and Alex. Brown & Sons, Baltimore, Md.

★ American Machine & Foundry Co.
May 19 (letter of notification) 3,500 shares of common stock (no par). **Price**—At market. **Proceeds**—To George Arents, the selling stockholder. **Underwriter**—None, but R. W. Pressprich & Co. will handle sales on the New York Stock Exchange.

Andowan Mines, Ltd., Port Arthur, Ont., Canada
May 8 filed 500,000 shares of common stock (par $1). **Price**—38 cents per share. **Proceeds**—For exploratory drilling and improvement on present holdings. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ Approved Finance, Inc., Columbus, Ohio
May 12 (letter of notification) 2,000 shares of common stock (no par). **Price**—$150 per share. **Proceeds**—For general corporate purposes. **Office**—256 North High St., Columbus 16, Ohio. **Underwriter**—None.

★Armstrong Rubber Co., West Haven, Conn.
May 16 (letter of notification) 500 shares of class A common stock (no par). **Price**—At market (approximately $21 per share). **Proceeds**—To James A. Walsh, the selling stockholder. **Underwriter** — Gruntal & Co., New Haven, Conn.

★ Associated Fund, Inc., St. Louis, Mo.
May 19 filed 22,250 full-paid units and 70,000 accumulative units. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ Bakers Merchandise Co., Inc., Philadelphia, Pa.
May 19 (letter of notification) $100,000 of certificates of indebtedness. **Price**—At par (in denominations of $100 each). **Proceeds**—To increase working capital. **Office**—2108 N. Philip St., Philadelphia 22, Pa. **Underwriter**—None.

★ Big Horn-Powder River Corp., Denver, Colo.
May 13 (letter of notification) 78,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To drill and equip well. **Office** — 603 Railway Exchange Bldg., Denver 2, Colo. **Underwriter**—None.

● Bingham-Herbrand Corp.
March 19 filed $2,000,000 convertible debentures due April 1, 1964. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term loans, and for other corporate programs. **Underwriters**—Straus, Blosser & McDowell, Chicago, Ill. Registration statement withdrawn May 12. Arrangement made with insurance company for private placement.

Bridgeport Brass Co., Bridgeport, Conn.
April 8 filed 125,732 shares of cumulative preferred stock (par $50-convertible through May 1, 1962) to be offered for subscription by common stockholders at rate of one preferred share for each seven and one-half shares of common held. **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding 3¾% serial debentures and repay 2½% notes. **Underwriters**—Hornblower & Weeks and Stone & Webster Securities Corp., New York. **Offering**—Indefinitely postponed. **Meeting**—Stockholders to vote May 26.

Buffalo-Eclipse Corp., Buffalo, N. Y. (5/28)
May 8 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Business**—Manufacturer of steel fasteners and sucker rods for oil industry, power lawn mowers, etc. **Underwriter**—Van Alstyne Noel Corp., New York.

NEW ISSUE CALENDAR

May 22, 1952
Seaboard Air Line RR.__________**Equip. Trust Ctfs.**
(Bids noon EDT)

May 26, 1952
Cincinnati "Enquirer"__________**Bonds & Common**
(Halsey, Stuart & Co.)
Dallas Power & Light Co.______________**Preferred**
(Bids noon EDT)
Virginia Electric & Power Co.___________**Common**
(Stone & Webster Securities Corp.)

May 27, 1952
National Steel Corp.______________________**Bonds**
(Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and The First Boston Corp.)
New British Dominion Oil Co., Ltd.________**Common**
(Allen & Co.)
Puerto Rico ______________________________**Bonds**
(Bids 10 a.m. EDT)
Tennessee Gas Transmission Co.___**Preferred & Com.**
(Stone & Webster Securities Corp. and White, Weld & Co.)

May 28, 1952
Buffalo-Eclipse Corp. ___________________**Common**
(Van Alstyne Noel Corp.)
Burroughs Adding Machine Co.________**Debentures**
(Lehman Brothers)
Long Island Lighting Co.________________**Preferred**
(W. C. Langley & Co.)

May 29, 1952
Montex Oil & Gas Corp.__________________**Common**
(I. J. Schenin & Co.)

June 2, 1952
Metals & Chemicals Corp., Dallas, Tex.____**Common**
(Beer & Co.)

June 3, 1952
Baltimore & Ohio RR.____________**Equip. Trust Ctfs.**
(Bids noon EDT)
Consolidated Natural Gas Co.______________**Common**
(Offering to stockholders)
Tampa Electric Co._______________**Preferred & Com.**
(Bids 11 a.m. EDT)
Tri-Tor Oils, Ltd.________________________**Common**
(Peter Morgan & Co.)

June 4, 1952
Illinois Bell Telephone Co.________________**Common**
(Offering to stockholders)
Northern States Power Co.________________**Common**
(Bids 10:30 a.m. CDT)

June 5, 1952
American Investment Co. of Illinois_____**Preferred**
(Kidder, Peabody & Co. and Alex. Brown & Sons)
Minneapolis, St. Paul & Sault Ste. Marie RR.___________**Equip. Trust Ctfs.**
(Bids noon CDT)

June 9, 1952
Midwest Pipe & Supply Co., Inc.__________**Common**
(G. H. Walker & Co.)

June 10, 1952
Huyck (F. C.) & Sons____________________**Preferred**
(Kidder, Peabody & Co.)
Kansas Gas & Electric Co.___________**Bonds & Stock**
(Bids noon EDT on bonds; 10:30 a.m. EDT on stocks)
Northern States Power Co.__________________**Bonds**
(Bids 10:30 a.m. CDT)
Public Service Electric & Gas Co.__________**Common**
(Morgan Stanley & Co.; Drexel & Co.; Glore, Forgan & Co.)

June 11, 1952
Federated Petroleums, Ltd.________________**Common**
(Wood, Gundy & Co., Ltd.; Kidder, Peabody & Co.; Dominick & Dominick)
Storer Broadcasting Co.___________________**Common**
(Reynolds & Co. and Oscar E. Dooley & Co.)

June 12, 1952
Leitz (E.), Inc.___________________________**Common**
(Bids 3 p.m. EDT)

June 16, 1952
Oklahoma Natural Gas Co.________________**Preferred**
(Bids 11 a.m.)
Pacific Gas & Electric Co.________________**Common**
(Blyth & Co., Inc.)

June 17, 1952
American Gas & Electric Co.____**Debs. & Common**
(Bids to be invited)
Boston Edison Co.__________________________**Bonds**
(Bids to be invited)
Kentucky Utilities Co._______________________**Bonds**
(Bids to be invited)
Public Service Co. of Indiana, Inc.________**Preferred**
(Blyth & Co., Inc.)
Public Service Electric & Gas Co.______**Debentures**
(Bids to be invited)

June 18, 1952
Southern Co. ____________________________**Common**
(Bids 11:30 a.m. EDT)

June 19, 1952
Martin (Glenn L.) Co.______________________**Common**
(Offering to stockholders)

June 23, 1952
Central Louisiana Electric Co., Inc.__________**Bonds**
(Bids 11 a.m. EDT)

June 24, 1952
Gulf Power Co.______________________________**Bonds**
(Bids to be invited)
Public Service Co. of Indiana, Inc.____________**Bonds**
(Bids to be invited)
Southern New England Telephone Co.___**Debentures**
(Bids to be received)

June 26, 1952
American Telephone & Telegraph Co.___**Debentures**
(Offering to stockholders)

★ Bulova Watch Co., Inc.
May 14 (letter of notification) 8,135 shares of common stock (par $5) to be offered to certain employees; offer to expire on June 10. **Price**—$36.87½ per share. **Underwriter**—None.

● Burroughs Adding Machine Co. (5/28)
May 9 filed $25,000,000 sinking fund debentures due June 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—To retire $6,000,000 bank loans, $8,000,000 for construction and balance for working capital. **Underwriters**—Lehman Brothers, New York.

Cardiff Fluorite Mines, Ltd., Toronto, Canada
Feb. 21 filed 675,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For development expenses and general corporate purposes. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ Carpenter (L. E.) & Co., Wharton, N. J.
May 14 (letter of notification) 1,000 shares of common stock (par $1). **Price**—At market (about $3.12½ to $3.25 per share). **Proceeds**—To two selling stockholders. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

● Central Vermont Public Service Corp.
April 23 filed 108,900 shares of common stock (par $6) being first offered for subscription by common stockholders of record May 19 at the rate of one share for each six shares held; rights will expire on June 3. New England Public Service Co., parent, owner of 35.5% of Central Vermont common, will waive its subscription rights to 38,611 of the new shares. **Price**—$12.25 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly) who were awarded the shares on May 19.

Century Natural Gas & Oil Corp.
April 30 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To Robert M. Allender and Judson M. Bell, two selling stockholders. **Underwriters**—Blair F. Claybaugh & Co., Harrisburg, Pa.

● Cinecolor Corp., Burbank, Calif.
May 9 filed $452,350 of five-year 5% subordinated sinking fund debentures due May 1, 1957 (with common stock purchase warrants attached) to be offered for subscription by common stockholders at rate of $1 of debentures for each two common shares held. **Price**—At par. **Proceeds**—To purchase voting control of Cinecolor (Great Britain), Ltd. and for working capital. **Business**—Two-color film process. **Underwriter**—None. **Warrants** — Will entitle holders to purchase 452,350 shares of common stock at par ($1 per share). They are exercisable to May 1, 1955.

C. I. T. Financial Corp., New York
April 25 filed 150,000 shares of common stock (no par) to be offered pursuant to a restricted stock option plan for key employees to certain employees of the company and its subsidiaries. **Underwriter**—None.

Citizens Credit Corp., Washington, D. C.
April 10 (letter of notification) $125,000 of 6% subordinated debentures due 1969 (with warrants attached to purchase 3,750 shares of class A common stock at $15 per share and 750 shares of class B common at 25 cents per share). **Price**—At 99% and accrued interest. **Proceeds**—To acquire loan offices and subsidiaries. **Office**—1028 Connecticut Avenue, Washington 6, D. C. **Underwriter**—Emory S. Warren & Co., Washington, D. C.

★ Coca-Cola Bottling Co. of Los Angeles
May 12 (letter of notification) 2,000 shares of common stock (no par). **Price**—$23 per share. **Proceeds**—To Stanley N. Barbee, the selling stockholder. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

★ Commonwealth Life Insurance Co., Tulsa, Okla.
May 12 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Consolidated Natural Gas Co., New York (6/3)
April 30 filed 409,254 shares of capital stock (par $15) to be offered for subscription by stockholders of record June 3 at rate of one share for each eight shares held (with an oversubscription privilege); rights to expire on June 20. **Price**—To be supplied by amendment. **Pro-**

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ceeds — To purchase securities of company's operating subsidiaries, which in turn will use the funds for property additions and improvements. **Underwriter**—None.

★ Consolidated Uranium Mines, Inc.
May 13 (letter of notification) 452,700 shares of common stock (par 7½ cents), to be issued upon exercise of warrants. **Price**—20 cents per share. **Proceeds**—For working capital. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—None.

★ Continental Oil Co., Houston, Tex.
May 14 filed $26,000,000 of interests in The Thrift Plan for employees of this company, together with 400,000 shares of capital stock (par $5) purchasable under terms of the plan. **Underwriter**—None.

• Dallas Power & Light Co. (5/26)
April 21 filed 100,000 shares of cumulative preferred stock (no par). **Proceeds**—To repay advances from Texas Utilities Co., parent, and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Lehman Brothers; Union Securities Corp.; White, Weld & Co. and Equitable Securities Corp. (jointly). **Bids**—To be received at noon (EDT) on May 26 at 2 Rector Street, New York 6, N. Y. Statement effective May 13.

• Davison Chemical Corp.
April 29 filed 128,533 shares of cumulative convertible preferred stock, series A (par $50) being offered for subscription by common stockholders at rate of one preferred share for each five common shares held on May 14; rights to expire on May 29. **Price** — $50 per share. **Proceeds** — From sale of stock, plus funds to be received from insurance company on a $15,000,000 long-term loan to mature May 1, 1967, for refunding of $4,300,000 outstanding 3½% notes and for expansion program. **Underwriter** — Alex. Brown & Sons, Baltimore, Md. Statement effective May 14.

Deardorf Oil Corp., Oklahoma City, Okla.
April 14 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For working capital. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Underwriter**—None.

Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital.

Detroit Steel Corp.
Feb. 5 filed $25,000,000 of 4⅞% first mortgage bonds due March 1, 1967. **Price** — To be supplied by amendment. **Proceeds**—To retire $13,950,000 of presently outstanding first mortgage bonds and for expansion program. **Underwriters**—Halsey, Stuart & Co. Inc. of Chicago and New York; Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Postponed temporarily.

Detroit Steel Corp.
Feb. 5 filed 600,000 shares of $1.50 convertible preferred stock (par $25). **Price**—To be filed by amendment. **Proceeds**—For expansion program. **Underwriters**—Van Alstyne, Noel & Co., New York, and Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Postponed temporarily.

Devil Peak Uranium, Ltd. (Nev.)
April 7 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds** — For rehabilitation and development program. **Office** — Suite 839, 60 East 42nd St., New York 17, N. Y. **Underwriter**—Gardner & Co., White Plains, N. Y.

★ Dividend Shares, Inc., New York
May 20 filed 8,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ Federated Petroleums, Ltd. (6/11)
May 19 filed 1,000,000 shares of common stock (no par), 500,000 shares of which will be offered in Canada and 500,000 shares in the United States. **Price**—To be supplied by amendment. **Proceeds** — For exploration and expansion program. **Underwriters**—Wood, Gundy & Co., Ltd. (in Canada), and Kidder, Peabody & Co. and Dominick & Dominick (in United States).

Fenimore Iron Mines, Ltd., Toronto, Canada
Jan. 25 filed 4,007,584 shares of common stock (par $1) and 2,003,792 common stock purchase warrants of which 2,003,792 shares are to be offered to present common stockholders at 75 cents per share (Canadian funds) on a basis of one new share for each two shares held. Subscribers will receive, for each share subscribed, a warrant to purchase one additional share at $1.25 (Canadian funds) per share until June 1, 1953, or an additional 2,003,792 shares. Unsubscribed shares will be offered by the company at the same price and carrying the same warrants. **Proceeds**—To finance drilling program. **Underwriter**—None. Statement effective March 10.

Flathead Petroleum Co., Monroe, Wash.
March 21 filed 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds** — For equipment and drilling purposes. **Underwriter**—None.

★ Flowerfield Realty Co., Inc., St. James, L. I., N. Y.
May 20 (letter of notification) 60,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase and develop real property. **Underwriter**—None.

★ Greater Carolinas Television & Radio Industries, Inc.
May 13 (letter of notification) 18,970 shares of common stock. **Price** — At par ($10 per share). **Proceeds**—For television channel in Eastern North Carolina. **Office**—Jacksonville, N. C. **Underwriter**—None.

★ Hahn Aviation Products, Inc.
May 20 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$3.25 per unit. **Proceeds**—For engineering, acquisition of machinery, and other corporate purposes. **Office**—2636 North Hutchinson St., Philadelphia 33, Pa. **Underwriter**—None.

Hamilton Land Co., Reno, Nev.
April 14 (letter of notification) 300,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To acquire ore dumps and for oil leases and royalties. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—Nevada Securities Corp.

• Har's Store, Inc., Long Prairie, Minn.
May 9 (letter of notification) $75,000 of 6% debentures due March 1, 1964, and 225 shares of common stock (par $10) to be offered in units of a $1,000 debenture and three shares of stock. **Price**—$1,030 per unit. **Proceeds**—For working capital. **Underwriter**—None.

• Husky Oil Co., Cody Wyo.
March 28 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—From sale of this stock, plus $1,050,000 from sale of 100,000 additional shares to Northern Natural Gas Co., to be used for exploration and acquisition of properties and to increase investment in Husky Oil & Refining Ltd., a Canadian subsidiary. **Underwriter** — Blyth & Co., Inc., San Francisco and New York. **Offering**—Postponed.

★ Huyck (F. C.) & Sons, Rensselaer, N. Y. (6/10)
May 16 filed 60,000 shares of cumulative convertible prior preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To redeem $5 class B preferred stock and for working capital. **Business** — Mechanical fabrics for industry and blankets and apparel cloth. **Underwriter**—Kidder, Peabody & Co., New York.

★ Illinois Bell Telephone Co. (6/4)
May 15 filed 682,454 shares of capital stock to be offered for subscription by stockholders of record May 29 at rate of one share for each four shares held; rights to expire July 1. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent (owner of 99.31% of Illinois Bell stock). **Underwriter**—None.

★ Independent Plow, Inc., Neodesha, Kan.
May 12 (letter of notification) 25,000 shares of common stock (par 50 cents). **Price**—At market (approximately $2.50 per share). **Proceeds**—For working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Industrial Wire Cloth Products Corp., Wayne, Michigan
May 16 (letter of notification) 1,700 shares of common stock. **Price** — $7.50 per share. **Proceeds** — To Kenneth Foust, the selling stockholder. **Office**—3927 Fourth St., Wayne, Mich. **Underwriter**—Manley, Bennett & Co., Detroit, Mich.

Inland Oil Co. (Nev.), Newark, N. J.
Feb. 26 (letter of notification) 599,700 shares of class A common stock (par 25 cents). **Price**—50 cents per share **Proceeds**—For drilling and equipping well and for working capital. **Office**—11 Commerce St., Newark, N. J **Underwriter**—Weber-Millican Co., New York.

★ Inland Petroleum Corp., Miami, Fla.
May 15 (letter of notification) 27,500 shares of 6% non-cumulative convertible preferred stock (par $10) and 275,000 shares of common stock (par 1¢). **Price**—At par. **Proceeds**—To Stephen William Bardill, et al. **Office**—504 Ingraham Bldg., Miami, Fla. **Underwriter**—None.

International Technical Aero Services, Inc.
Feb. 15 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—International Terminal, Washington National Airport, Washington, D. C. **Underwriter**—James T. DeWitt & Co., Washington, D. C.

★ Investors Mutual, Inc., Minneapolis, Minn.
May 15 filed 5,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

• Iowa Power & Light Co.
April 25 filed 226,835 shares of common stock (par $10), being offered for subscription by common stockholders of record May 14 at rate of one share for each seven shares held; rights to expire May 28. **Price**—$21.25 per share. **Proceeds**—For new construction. **Underwriter**—Smith, Barney & Co., New York. Statement effective May 14.

• Iowa Power & Light Co.
April 25 filed $10,000,000 of 3¼% first mortgage bonds due 1982. **Proceeds**—For new construction. **Underwriters**—Halsey, Stuart & Co. Inc. and associates were awarded the issue on May 21 on a bid of 101.34%. Reoffering planned at 101.93%. Statement effective May 14.

Island Air Ferries, Inc.
April 18 (letter of notification) 284,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase two transport aircraft and for working capital. **Office**—MacArthur Airport, Bohemia, N. Y. **Underwriter**—Hunter Securities Corp., New York.

Jersey Yukon Mines Ltd., Toronto, Canada
March 20 filed 200,000 shares of common stock (par $1). **Price**—$1 per share (Canadian funds). **Proceeds**—For capital payments on property account and option agreements, purchase of machinery and operating expenses. **Underwriter**—None.

Kansas-Colorado Utilities, Inc., Lamar, Colo.
March 14 (letter of notification) 5,866 shares of common stock. **Price**—$12.75 per share. **Proceeds**—To Sullivan-Brooks Co., Inc., the selling stockholder. **Office**—112 West Elm St., Lamar, Colo. **Underwriter** — Sullivan-Brooks Co., Inc., Wichita, Kan.

Kansas Gas & Electric Co. (6/10)
April 30 filed $12,000,000 first mortgage bonds due 1982. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to noon (EDT) on June 10.

Kansas Gas & Electric Co. (6/10)
April 30 filed 200,000 shares of common stock (no par). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected to be received up to 10:30 a.m. (EDT) on June 10.

★ Kentucky Utilities Co. (6/17)
May 19 filed $12,000,000 of first mortgage bonds, series D, due June 1, 1982. **Proceeds** — For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Lehman Brothers jointly); Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp. **Bids**—Tentatively expected to be received on June 17.

Kirk Uranium Corp., Denver, Colo.
March 24 (letter of notification) 1,000,000 shares of common stock. **Price** — 30 cents per share. **Proceeds** — For exploration work. **Office** — 405 Interstate Trust Building, Denver, Colo. **Underwriter**—Gardner & Co., White Plains, N. Y.

Kwikset Locks, Inc., Anaheim, Calif.
May 2 filed 125,000 shares of common stock (par $5), of which 25,000 shares are being offered by the company and 100,000 shares by a selling stockholder. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Business**—Design, manufacture, assembly and sale of residential locksets. **Underwriters**—Paul H. Davis & Co., Chicago, Ill., and Lester, Ryons & Co., Los Angeles, Calif.

• Leeds & Northrup Co., Philadelphia, Pa.
May 13 filed 2,441 employees' trust shares and 908 participating trust shares to be offered to employees. **Price**—$70 and $100 per share, respectively. **Underwriter**—None.

Lindemann (A. J.) & Hoverson Co.
Nov. 28 filed 112,500 shares of common stock (par $1). **Price**—To be supplied by amendment. **Underwriter**—Sills, Fairman & Harris, Inc., Chicago, Ill. **Proceeds**—To eight selling stockholders. **Offering**—Date indefinite.

Link-Belt Co., Chicago, Ill.
May 5 filed 21,636 shares of common stock (par $5), to be offered to a select group of officers and employees of the company and its subsidiaries. **Price**—$35 per share. **Proceeds**—For working capital. **Underwriter**—None.

Loch-Lynn Gas Corp. (N. J.)
March 5 (letter of notification) 1,000 shares of common stock (par $1). **Price**—$100 per share. **Proceeds**—For working capital. **Office**—15 Exchange Place, Jersey City 2, N. J. **Underwriter**—None.

• Lone Star Cement Corp.
April 3 filed 154,209 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriters**—Hayden, Stone & Co. and Adamex Securities Corp., New York. Statement withdrawn May 8.

Long Island Lighting Co. (5/28)
April 30 filed 100,000 shares of preferred stock, series B (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter** — W. C. Langley & Co., New York.

★ Market Basket, Los Angeles, Calif.
May 14 (letter of notification) 19,181 shares of common stock (par 50 cents). **Price**—$11.50 per share. **Proceeds**—For general corporate purposes. **Office**—6014 South Eastern Ave., Los Angeles 22, Calif. **Underwriter**—None.

★ Mercantile Acceptance Corp. of California
May 16 (letter of notification) $40,300 of 10-year junior subordinated debentures. **Price**—At par (in various denominations). **Proceeds**—To make loans. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

★ Midwest Pipe & Supply Co., Inc. (6/9)
May 19 filed 100,938 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To go to selling stockholders. **Underwriter**—G. H. Walker & Co., St. Louis and New York.

★ Montex Oil & Gas Corp., Baytown, Tex. (5/29)
May 12 (letter of notification) 1,200,000 shares of common stock (par 1 cent). **Price**—25 cents per share. **Proceeds**—For drilling and exploration expenses and working capital. **Underwriter**—I. J. Schenin & Co., New York.

Morrow (R. D.) Co., Inc., Pittsburgh, Pa.
May 5 (letter of notification) 10,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—For financing of Master TV antenna systems in apartment houses on a lease basis and for additional working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

• Multnomah Plywood Corp., Portland, Ore.
Feb. 27 filed 200 shares of common stock (par $2,500), of which 191 shares are to be offered to stockholders at par and nine shares are to be offered to three individuals in units of three shares each at $12,500 per unit.

Proceeds—To acquire timber, timberlands and peeler plant and for working capital. **Underwriter**—None. Statement effective May 2.

National Alfalfa Dehydrating & Milling Co.
April 7 filed 69,800 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders in ratio of one new common share for each 10 shares of preferred or common stock held. **Price**—$9 per share. **Proceeds**—To acquire 305,000 shares of National Chlorophyll & Chemical Co. at $2 per share. **Business**—Manufacture and sale of alfalfa meal. **Office**—Lamar, Colo. **Underwriter**—None.

National Chlorophyll & Chemical Co.
April 7 filed 349,000 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders of National Alfalfa Dehydrating & Milling Co. in ratio of one share of National Chlorophyll common for each two shares of National Alfalfa preferred or common presently held in conjunction with offer by National Alfalfa company of its own stock. National Chlorophyll shares are to be offered for subscription only as part of a unit or package consisting of one National Alfalfa share at $9 per share and five shares of National Chlorophyll stock at $2 per share, or a total price per unit of $19. **Proceeds**—To purchase from National Alfalfa its existing chlorophyll extraction facilities and inventory and for construction of new extracting plant. **Office**—Lamar, Colo. **Underwriter**—None.

National Steel Corp. (5/27)
May 7 filed $55,000,000 of first mortgage bonds due 1982. **Price**—To be supplied by amendment. **Proceeds**—To redeem $40,000,000 outstanding 3% first collateral mortgage bonds due 1965, and for general corporate purposes, including expansion program. **Underwriters** — Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and The First Boston Corp., New York.

New British Dominion Oil Co., Ltd. (5/27)
April 28 filed 1,000,000 shares of capital stock (par 40 cents—Canadian) and an additional 150,000 under option to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of prospective and proved oil and gas lands. **Office**—Calgary, Alta., Canada. **Underwriter** — Allen & Co., New York, for part of issue; balance by Canadian underwriters.

● **New England Electric System**
April 9 filed 920,573 shares of common stock (par $1) being offered for subscription by common stockholders of record May 6 at rate of one share for each eight shares held; rights to expire May 26. **Price**—$12.62½ per share. **Proceeds** — For construction program. **Underwriters**—Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly). Statement effective April 28.

★ **Northeast Finance Corp., Boston, Mass.**
May 16 (letter of notification) 31,582 shares of cumulative preferred stock, 5,000 shares of common stock and $23,750 of treasury certificates. **Prices**—Of preferred, $5 per share; common, $10 per share; and certificates, at par (in denominations of $50 each). **Proceeds**—For expansion. **Office** — 1601 Blue Hills Ave., Boston, Mass. **Underwriter**—None.

Northern States Power Co. (Minn.) (6/10)
May 1 filed $21,500,000 first mortgage bonds due June 1, 1982. **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co.; Equitable Securities Corp.; Union Securities Corp.; The First Boston Corp.; Glore, Forgan & Co.; Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be opened at 10:30 a.m. (CDT) on June 10.

Northern States Power Co. (Minn.) (6/4)
May 1 filed 1,108,966 shares of common stock (par $5) to be offered for subscription by common stockholders of record June 5 at rate of one share for each 10 shares held; rights to expire June 23. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Smith Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be opened at 10:30 a.m. (CDT) on June 4.

Northwest Plastics, Inc., St. Paul, Minn.
April 18 (letter of notification) 2,100 shares of common stock (par $2.50). **Price**—$8.75 per share. **Proceeds**—To two selling stockholders. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn., and Irving J. Rice & Co., Inc., St. Paul, Minn.

★ **Oklahoma Natural Gas Co. (6/16)**
May 21 filed 160,000 shares of cumulative preferred stock, series B (par $50). **Proceeds**—To reduce bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp.; Shields & Co. **Bids**—Tentatively scheduled to be received up to 11 a.m. on June 16.

★ **Old Dominion Investors' Trust, Inc., Suffolk, Va.**
May 19 filed 450 shares of capital stock (par $750). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **Pacific Gas & Electric Co. (6/16)**
May 21 filed 2,271,300 shares of common stock (par $25) to be offered for subscription to stockholders of record June 10 in ratio of one share for each five shares held; rights to expire July 2. Warrants will be mailed about June 13, with subscription period to open June 16. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ **Palmer Stendel Oil Corp., Santa Barbara, Calif.**
May 9 (letter of notification) 17,500 shares of capital stock (par $1). **Price**—At the market. **Proceeds**—To Edward M. and Marjorie L. Bratter, the selling stockholders. **Office**—First National Bank Bldg., Santa Barbara, Calif. **Underwriter**—None.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Oklahoma City, Okla. **Underwriter**—George F. Breen, New York.

★ **Piggly Wiggly Pacific Co., Oakland, Calif.**
May 16 (letter of notification) 3,000 shares of capital stock, of which 2,000 shares will be publicly offered and 1,000 shares issued to Andrew Williams for services rendered. **Price**—At par ($100 per share). **Proceeds**—To establish super market under name of Piggly Wiggly Stores. **Office** — 1215 Financial Center Bldg., Oakland, Calif. **Underwriter**—None.

Pittsburgh Coke & Chemical Co., Pittsburgh, Pa.
March 28 filed 142,129 shares of common stock (no par) being offered in exchange for 118,441 shares of Great Lakes Steamship Co., Inc., common stock, held by others than Pittsburgh Coke, which owns an additional 61,109 shares. The offer, which is on a 1.20-for-1 basis, will expire on June 4. **Dealer-Manager** — Hemphill, Noyes, Graham Parsons & Co., New York. Statement effective April 18.

★ **Public Service Electric & Gas Co. (6/10)**
May 21 filed 700,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters** — Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.

★ **Public Service Electric & Gas Co. (6/17)**
May 21 filed $40,000,000 of debenture bonds due June 1, 1972. **Proceeds**—For new construction and general corporate purposes. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loem & Co. **Bids**—Tentatively expected to be opened on June 17.

★ **Quinby & Co., Inc., Rochester, N. Y.**
May 16 filed $2,000,000 of certificates of interest in "The Quinby Plan for Accumulation of Common Stock of Eastman Kodak Co. (latter firm has no part in this plan). **Underwriter**—None.

★ **Raisin Markets, Inc., Los Angeles, Calif.**
May 14 (letter of notification) 2,000 shares of preferred stock to be offered to employees of company and of Fairway Markets, Inc., a subsidiary. **Price**—At par ($25 per share). **Proceeds**—For working capital. **Office**—5320 West 104th St., Los Angeles, Calif. **Underwriter**—None.

★ **Randall-Graw Co., Inc., La Crosse, Wis.**
May 13 (letter of notification) 3,400 shares of common stock (par $10). **Proceeds**—To retire debt and for expansion. **Office**—316 Jay St., La Crosse, Wis. **Underwriter**—None.

Ridley Mines Holding Co., Grafton, N. D.
Feb. 15 filed 100,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For exploration and other mining purposes. **Business** — Uranium mining. **Underwriter**—None. Statement effective April 3.

★ **Rochester Gas & Electric Co.**
May 15 filed $6,000,000 of first mortgage bonds, series N, due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly); Salomon Bros. & Hutzler.

★ **Security Life Insurance Co., Phoeniz, Ariz.**
May 12 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For additional capital. **Office**—523 Security Bldg., Phoenix, Ariz. **Underwriter**—None.

★ **Selected American Shares, Inc.**
May 14 filed 150,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Distributor**—Selected Investments Co., Wilmington, Del.

Signal Mines, Ltd., Toronto, Canada
March 17 filed 600,000 shares of common stock of which 500,000 shares are for account of company. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs and working capital. **Underwriter**—Northeastern Securities Ltd.

Skiatron Electronics & Television Corp.
May 5 (letter of notification) 10,000 shares of common stock (par 10 cents). **Price**—At market ($2.75 to $2.87½ per share). **Proceeds** — For working capital. **Underwriter**—Coffin, Betz & Co., Philadelphia, Pa., who is purchasing this stock for its own account at $2.37½ per share.

Socony-Vacuum Oil Co., Inc.
May 9 filed $15,000,000 of interests in Employees Savings Plan and 300,000 shares of capital stock purchasable under the plan. **Underwriter**—None.

★ **Southern Co., Wilmington, Del. (6/18)**
May 16 filed 1,004,510 shares of common stock (par $5) to be offered by company for subscription by common stockholders of record June 19 at rate of one share for each 16 shares held; rights to expire on or about July 10. **Price**—To be fixed by company on June 16. **Proceeds**—To increase investments in subsidiaries in furtherance of their construction programs. **Underwriters** — To be determined by competitive bidding. Probable bidders: Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Union Securities Corp. and Equitable Securities Corp. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—To be received up to 11:30 a.m. (EDT) on June 18.

Southern Union Gas Co., Dallas, Tex.
April 8 filed 168,748 shares of common stock (par $1) being offered for subscription by common stockholders of record April 24 at rate of one share for each 10 shares then held (with an oversubscription privilege); rights to expire May 28. **Price**—$17.50 per share. **Proceeds**—For new construction. **Underwriter**—None.

Standard Oil Co. of California
May 5 filed $55,000,000 of interest in the Stock Plan for Employees of company and participating companies, together with 1,000,000 shares of capital stock of the company in which Plan funds may be invested. **Underwriter**—None.

Standard Oil Co. (Ohio)
April 24 filed $2,025,000 interests in the Sohio Employees Investment Plan together with 30,000 common and 6,750 preferred shares of the company which may be purchased pursuant to the terms of the plan.

Stanley Works, New Britain, Conn.
April 22 (letter of notification) 6,000 shares of common stock (par $25). **Price** — Approximately $50 per share. **Proceeds** — For working capital. **Office**—Lake Street, New Britain, Conn. **Underwriter**—None.

★ **Storer Broadcasting Co. (6/11)**
May 19 filed 215,000 shares of common stock (par $1), of which 200,000 shares are being sold by certain selling stockholders (170,000 to be offered publicly and 10,000 to certain employees; and 20,000 shares to the underwriters under option agreement) and the remaining 15,000 shares being reserved for sale by company to certain employees. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—Reynolds & Co., New York, and Oscar E. Dooly & Co., Miami, Fla.

Sun Oil Co.
April 29 filed 13,000 memberships in the stock purchase plan for employees of company and its subsidiaries, together with 96,000 shares of common stock. In addition, 169,262 shares of outstanding stock to be offered "for possible public sale" by 11 selling stockholders. **Underwriter**—None.

Tampa Electric Co. (6/3)
May 2 filed 50,000 shares of series A cumulative preferred stock (par $100) and 60,000 shares of common stock (no par). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Kidder, Peabody & Co.; Stone & Webster Securities Corp., Goldman, Sachs & Co.; White, Weld & Co. **Bids**—To be received up to 11 a.m. (EDT) on June 3 at 49 Federal St., Boston, Mass.

Tennessee Gas Transmission Co. (5/27)
May 6 filed 100,000 shares of cumulative preferred stock (par $100) and 250,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes and for expansion program. **Underwriters** — Stone & Webster Securities Corp. and White, Weld & Co., New York.

● **Texas Co.**
April 18 filed $30,510,000 of participations under the Employees Savings Plan together with 540,000 shares of capital stock (par $25) which may be required by the Trustee under the Plan.

★ **Tiger Tractor Corp., Keyser, W. Va.**
May 13 (letter of notification) 180,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—East and Mozelle St., Keyser, W. Va. **Underwriter**—None.

★ **Trans-America Petroleum Corp., Shreveport, La.**
May 13 (letter of notification) 599,000 shares of common stock (par 1¢). **Price**—50 cents per share. **Proceeds**—To drill well. **Underwriter**—Weber-Millican Co., New York.

Trans-Canada Petroleums, Ltd., Montreal, Canada
May 1 filed 1,000,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For exploration and drilling. **Underwriter**—Mallinson Weir, Inc., New York.

Tri-State Telecasting Corp., Chattanooga, Tenn.
Jan. 21 filed 20,000 shares of common stock (no par) and 2,000 shares of 5% cumulative preferred stock (par $100) to be sold in units of one preferred share and 10 common shares. **Price**—$200 per unit. **Proceeds**—For new equipment and working capital. **Underwriter**—None. Statement effective March 25.

● **Tri-Tor Oils, Ltd., Montreal, Canada (6/3)**
May 9 filed 1,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For construction and drilling expenses. **Business**—Production of oil and natural gas. **Underwriter**—Peter Morgan & Co., New York.

Uarco Inc., Chicago, Ill.
May 5 (letter of notification) 2,800 shares of common stock (par $10). **Price**—At market (estimated at $20.50 per share). **Proceeds**—To George Buffington, the selling stockholder. **Underwriter**—Kidder, Peabody & Co., New York.

Virginia Electric & Power Co. (5/26)
May 1 filed 494,642 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 23 at rate of one share for each 10 shares held (with an oversubscription privilege); rights to expire on June 9. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter** — Stone & Webster Securities Corp., New York.

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Western Pacific Insurance Co., Seattle, Wash.
April 21 (letter of notification) 13,018 shares of common stock. **Price**—$20 per share. **Proceeds**—To qualify company as a multiple line insurance carrier and to increase surplus. **Office**—Artic Bldg., 3rd and Cherry Sts., Seattle, Wash. **Underwriter** — Daugherty, Buchart & Cole, Seattle, Wash.

★ **Western States Life Insurance Co., Phoenix, Ariz.**
May 14 (letter of notification) 150,000 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—To increase surplus account. **Office**—23 West Roosevelt, Phoenix, Ariz. **Underwriter**—None.

● **Wisconsin Electric Power Co.**
April 9 filed 702,486 shares of common stock (par $10) being offered for subscription by common stockholders of record May 6 at rate of one share for each five shares held (with an over subscription privilege); rights to expire on May 29. **Price**—$20 per share. **Proceeds**—For construction program. **Underwriter** — None. Statement effective April 28.

★ **WJR, the Goodwill Station, Inc., Detroit, Mich.**
May 14 (letter of notification) 9,300 shares of common stock (par $1.25). **Price**—$10.75 per share. **Proceeds**—To Frances Richards, the selling stockholder. **Underwriters** — Straus, Blosser & McDowell, Chicago, Ill.; and Smith, Hague & Co., Detroit, Mich.

★ **Workers Loan Co., Du Bois, Pa.**
May 16 (letter of notification) $200,000 of 10-year 6% convertible subordinated debentures due May 15, 1962. **Price**—At par (in denominations of $500 each) and accrued interest. **Proceeds**—For working capital. **Office**—19 West Long Ave., Du Bois, Pa. **Underwriter**—Blair F. Claybaugh & Co., Harrisburg, Pa.

Prospective Offerings

Aeroquip Corp.
Jan. 4, Don T. McKone, Chairman, announced that consideration was being given to the possibility of equity financing. On Feb. 18, stockholders voted to increase the authorized common stock to 1,000,000 from 750,000 shares, and to issue 37,500 shares as a 5% stock dividend. **Underwriter**—Watling Lerchen & Co., Detroit, Mich. **Proceeds**—For additional working capital.

★ **Allis-Chalmers Manufacturing Co.**
May 12 it was reported company may do some financing, the nature of which has not yet been determined. **Underwriter**—Blyth & Co., Inc.

American Barge Line Co.
April 28 it was announced stockholders on May 27 will vote on increasing authorized common stock (par $5) from 330,000 to 430,000 shares and on approving a waiver of preemptive rights to subscribe for any of the additional shares. **Proceeds**—To finance purchase of equipment and terminal and warehouse facilities. **Traditional Underwriter**—F. Eberstadt & Co., Inc., New York.

★ **American Telephone & Telegraph Co. (6/26)**
May 21 it was announced that stockholders of record June 16 will be given the right to subscribe up to and including July 31 for an issue of not to exceed $500,000,000 of 12-year 3½% convertible debentures to be dated July 31, at rate of $100 of debentures for each seven shares held (debentures will be convertible into common stock beginning Sept. 30, 1952 at $136 per share, payable by surrender of $100 of debentures and payment of $36 in cash). Rights will be mailed about June 26. **Price**—At par. **Proceeds**—For construction of telephone equipment. **Underwriter**—None.

Arkansas Power & Light Co.
March 14 it was reported company plans sale in October of $12,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp., and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.

Atlantic City Electric Co.
April 28 it was announced company may sell about $4,000,000 of preferred stock some time this Fall. **Proceeds**—For construction program. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., New York. Debt financing for approximately $3,000,000 planned in 1953.

Atlantic Refining Co.
March 21, Robert H. Colley, President, said in the company's annual report that "the time may be coming when additional financing will be required to supplement retained earnings available for capital expenditures." The amount and timing of such financing cannot be presently announced. **Traditional Underwriter**—Smith, Barney & Co., New York.

Baltimore & Ohio RR. (6/3)
Bids are expected to be received by the company up to noon (EDT) on June 3 for the purchase from it of $3,870,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

Banff Oil Co., Ltd. (Canada)
May 6 it was reported company plans to issue and sell an issue of about 1,000,000 shares of common stock. **Proceeds**—For drilling and exploration costs. **Registration**—Expected early in June with offering later in month. **Underwriter**—Lehman Brothers, New York.

Boston Edison Co. (6/17)
March 28 it was announced company plans to spend $56,000,000 in 1952, 1953 and 1954 for construction program, of which $32,000,000 would have to be raised from sale of securities, which will include about $16,000,000 first mortgage bonds due 1982, part of the proceeds of which will be used to fund bank loans which will total $8,500,000 by June 30. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Goldman, Sachs & Co. (jointly); Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co., Inc.

California Electric Power Co.
May 8 it was reported company plans to issue and sell between $4,000,000 and $4,500,000 first mortgage bonds by competitive bidding and about $2,500,000 of preferred stock and $2,500,000 common stock probably through negotiated sale. Probable bidders for bonds: Halsey, Stuart & Co. Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzler. Underwriters for stock: Probably William R. Staats & Co.; Lester, Ryons & Co.; and Walston, Hoffman & Goodwin.

California Water Service Co.
May 6 California P. U. Commission approved sale of 50,000 shares of common stock (par $25). **Underwriter**—Dean Witter & Co., San Francisco, Calif. **Offering**—Expected in mid-June.

Canadian Palmer Stendel Oil Corp.
April 18 it was reported that 1,820,857 shares of common stock are to be offered for subscription by stockholders of Palmer Stendel Oil Corp. on a 1-for-2 basis. **Price**—At par (25 cents per share). **Underwriter**—Burnham & Co., New York.

Central Hudson Gas & Electric Corp.
March 25 stockholders voted to increase authorized preferred stock (par $100) from 150,000 shares (130,300 shares outstanding) to 225,000 shares to enable company to meet future capital requirements. There are no immediate plans for sale of any additional preferred stock.
March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

● **Central Louisiana Electric Co., Inc. (6/23)**
May 9 it was announced company plans an offering in June of $4,000,000 first mortgage bonds due 1982. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co., Shields & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; The First Boston Corp.; Glore, Forgan & Co.; Salomon Bros. & Hutzler. **Bids**—Tentatively expected at 11 a.m. (EDT) on June 23. **Registration**—Tentatively scheduled to become effective on June 11.

● **Central Maine Power Co.**
May 15 stockholders increased authorized common stock (par $10) from 2,500,000 shares to 3,250,000 shares and preferred stock (par $100) from 300,000 shares to 330,000 shares. It is estimated that additional financing necessary this year will be in excess of $8,500,000.

★ **Chicago & North Western RR.**
May 16 company sought ICC permission to issue and sell $6,555,000 of equipment trust certificates to be dated July 1, 1952, and to mature in 15 annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

★ **Cincinnati Enquirer (5/26)**
May 16 it was reported that a bid of $7,500,000 cash will be made for this newspaper by a group of its former employees, to be raised through the sale of $6,000,000 of bonds through Halsey, Stuart & Co. Inc., and by sale of an estimated $2,500,000 of common stock in addition to about $910,000 already pledged by certain employees. It was stated that more than $500,000 has been pledged outside the paper. The Cincinnati "Times-Star" has also made a bid of $7,500,000.

Citizens Utilities Co.
May 13 the stockholders approved a proposal to increase the authorized common stock from 400,000 shares (par $1) to 2,000,000 shares (par 33⅓ cents) in order to provide for a 3-for-1 split-up of the present outstanding 283,729 shares of common stock and to permit the company to take advantage of any opportunities which may develop for property acquisitions requiring the issuance of common shares. **Traditional Underwriter**—Lee Higginson Corp., New York.

Cleveland Electric Illuminating Co.
April 22, Elmer L. Lindseth, President, announced that it will be necessary for the company to sell additional securities either later this year or early in 1953. Present plans are to sell either preferred or common stock, the choice depending upon relative market conditions at the time.

Columbus & Southern Ohio Electric Co.
April 26 it was announced company expects to enter the permanent financing market about the middle of 1952 with not less than 200,000 shares of new common stock. **Proceeds** — For construction program. **Underwriter** — Dillon Read & Co., Inc., New York.

Connecticut Light & Power Co.
March 1 it was announced that it is presently estimated that approximately $11,000,000 of additional capital will be required during the latter half of 1952.

Consolidated Gas, Electric Light & Power Co. of Baltimore
Dec. 24 it was stated that company plans to issue and sell both stocks and bonds during 1952 to an amount sufficient to raise approximately $22,000,000. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly). The First Boston Corp., Alex. Brown & Sons and John C. Legg & Co (jointly) handled latest common stock financing, while White, Weld & Co. handled last preferred stock sale. **Proceeds**—For new construction.

Cooper-Bessemer Corp.
April 28 stockholders approved a proposal to increase authorized common stock (par $5) from 500,000 shares (476,578 shares outstanding) to 1,000,000 shares to take care of future stock dividends and provide additional stock for future financing of the corporation's expansion program. No plan involving the issuing of any additional common shares is presently being considered by the directors.

Copperweld Steel Co.
April 30 stockholders approved a proposal to increase the authorized indebtedness from $5,000,000 to $15,000,000 (none presently outstanding) and the authorized preferred stock (par $50) to 137,727 shares from 37,727 shares, which are all outstanding. **Traditional Underwriter**—Riter & Co., New York.

Creameries of America, Inc.
April 14, G. S. McKenzie, President, stated that the company may do some long-term borrowing in about two months to finance expansion program. **Traditional Underwriters** — Kidder, Peabody & Co. and Mitchum, Tully & Co.

Drewrys Ltd., U. S. A., Inc.
April 4 it was reported company may later this month consider possible financing. **Underwriters**—Probably A. C. Allyn & Co., Inc., Chicago, and Bear, Stearns & Co., New York.

★ **Duquesne Light Co.**
May 13 it was announced stockholders will vote July 8 on increasing authorized preferred stock (par $50) from 800,000 shares to 1,000,000 shares. **Underwriters**—To be determined by Competitive bidding. Probable bidders: The First Boston Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

El Paso Electric Co.
April 24 the FPC authorized the company to issue up to $2,500,000 in short-term promissory notes to mature not later than Dec. 31, 1953. Proceeds will be used to reimburse the company's treasury in part for construction expenditures heretofore made, and to provide a portion of the funds required in the interim to finance its construction program for 1952, pending permanent financing prior to the maturity date of the notes.

Empire District Electric Co.
April 8 stockholders increased authorized common stock from 550,000 shares to 750,000 shares and voted to change the limitation of the unsecured indebtedness from 10% to 20%. New financing may be necessary in connection with the company's plans to spend in the next three years about $14,000,000 for new facilities. **Underwriters** — Probably The First Boston Corp.; G. H. Walker & Co.

Florida Power Corp.
Jan. 11 it was announced that additional financing will be necessary to complete the company's construction program which is expected to cost about $28,000,000 and it is contemplated that new capital needed will be obtained from the sale of common stock and first mortgage bonds. Company has borrowed $4,000,000 under a bank credit recently arranged which provides for short-term bank borrowings of not more than $10,000,000. Previous bond financing was done privately. Common stock may be offered to common stockholders, with Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane acting as agents.

★ **Food Fair Stores, Inc.**
May 20 it was announced stockholders will vote Aug. 19 on increasing authorized indebtedness from $12,000,000 to $25,000,000 and to increase the authorized common stock from 2,500,000 to 5,000,000 shares. No immediate issuance of either debt securities or of common stock is contemplated.

General Fuse Co., South River, N. J.
Jan. 28 Nelson O. Burt, President, announced company is discussing the marketing of unsubscribed 5½% convertible preferred stock with several underwriters. A total of 50,000 shares were recently offered to common stockholders at par ($5 per share).

General Public Utilities Corp.
Feb. 6 it was reported the corporation is expected to sell this summer approximately 530,000 additional shares of common stock. Stockholders on April 7 rejected a proposal to authorize issuance of common stock without requiring preemptive rights. **Underwriters**—If stock is sold at competitive bidding, probable bidders may include: Lehman Brothers; The First Boston Corp. In July, 1951, Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent for an offering of common stock to stockholders.

Georgia Power Co. (7/8)
Feb. 8 it was announced company plans issuance and sale of $20,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Shields & Co. and Salomon Bros. & Hutzler (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected on July 8.

Glass Fibres, Inc.
April 7 stockholders voted to increase authorized common stock from 1,000,000 shares (approximately 938,000 shares outstanding) to 1,250,000 shares to provide additional stock for future expansion needs. **Traditional Underwriter**—McCormick & Co., Chicago, Ill.

Globe-Wernicke Co.
March 26 stockholders increased authorized common stock from 300,000 shares (par $5) to 600,000 shares (par $7), placing the company in a position to consider from time to time stock dividends and the giving of stock rights or warrants to present stockholders. **Underwriters**—May include Westheimer & Co., Cincinnati, O. Previous public financing handled by W. E. Hutton & Co. and W. D. Gradison & Co., also of Cincinnati.

● **Gulf Power Co. (6/24)**
May 14 company sought SEC authority to issue and sell $7,000,000 of first mortgage bonds due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Union Securities Corp.; Equitable Securities Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler and Drexel & Co. (jointly). **Bids**—Expected to be opened on or about June 24. **Registration**—Expected about May 23.

★ **Honolulu (City and County of)**
May 20 it was announced it is planned to issue and sell $6,000,000 bonds for construction of the Kalihi tunnel, $5,000,000 bonds for public school program, $1,600,000 bonds for public improvements and $1,000,000 for flood control.

Idaho Power Co.
Feb. 27 T. E. Roach, President, announced that the company's present plans consist of the sale this summer of about 225,000 additional shares of common stock (par $20), but no preferred stock. **Price**—At a minimum of $35 per share net to company. **Underwriters** — Latest common stock financing in April, 1949, was handled by Blyth & Co., Inc.; Lazard Freres & Co.; and Wegener & Daly Corp. **Proceeds**—To repay bank loans and for construction program.

Illinois Central RR.
April 9 ICC authorized company to issue and sell $25,000,000 4¼% consolidated mortgage bonds, series D, due 1982, without competitive bidding. **Proceeds**—To meet 1952-1965 bond maturities and to replace depleted working capital. It is expected the bonds will be placed privately.
April 10 it was announced stockholders will vote May 21 on increasing the authorized common stock from 1,390,511 shares (par $100) to 3,500,000 shares (no par) in order to facilitate possible future financing by means of convertible debentures.

Kansas City Power & Light Co.
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds (this is in addition to present preferred and common stock financing. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

La Pointe Plascomold Corp.
April 21 stockholders authorized directors to offer, via rights, 230,485 additional shares of common stock (par $1) for subscription on a share-for-share basis. **Underwriter**—May be selected by company.

● **Leitz (E.), Inc., New York (6/12)**
May 14 it was announced that Office of Alien Property, 346 Broadway, New York 13, N. Y., will up to 3 p.m. (EDT) on June 12 receive bids for the purchase from the Attorney General of the United States of the corporation's 400 shares of no par common stock (total issue outstanding). **Business**—Manufactures and distributes photographic equipment and supplies. **Bidders**—May include Allen & Co., New York.

Lone Star Gas Co.
April 1 the FPC authorized the company to acquire additional properties at a cost of $5,598,129 and to build an additional 69.5 miles of transmission line at a cost of $4,010,200. It is also planned to spend about $31,000,000 in 1952 for additions to plant. Previous financing was done privately.

Maracaibo Oil Exploration Corp.
May 5 stockholders voted to increase the authorized $1 par value capital stock from 500,000 to 600,000 shares. No financing presently planned. No underwriting was involved in offer to common stockholders last October.

● **Martin (Glenn L.) Co. (6/19)**
May 16 directors authorized issuance and sale to common stockholders of about 1,020,806 additional shares of common stock (par $1) at rate of nine shares for each 10 shares held on or about June 19; rights to expire on July 11. **Price**—$6 per share. **Proceeds**—For working capital, etc. **Underwriter**—None.

McCarthy (Glenn H.), Inc., Houston, Tex.
March 18 it was reported early registration is expected of 10,000,000 shares of common stock. **Price**—To be supplied by amendment (probably at $2 per share). **Underwriter**—B. V. Christie & Co., Houston, Texas.

★ **Mercantile National Bank of Chicago**
May 10 it was announced company will offer for subscription by stockholders 25,000 additional shares of capital stock (par $20). **Price**—$25 per share. **Proceeds**—To increase capital and surplus.

Metals & Chemicals Corp., Dallas, Tex. (6/2)
May 1 it was announced company plans registration of 200,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment (expected at $3 per share). **Proceeds**—For new mill and equipment and working capital. **Underwriter** — Beer & Co., Dallas, Texas. **Offering**—Expected around June 2.

Middle East Industries Corp., N. Y.
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

Minabi Exploration Co., Houston, Tex.
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney, Beissner & Co., Houston, Tex.

★ **Minneapolis, St. Paul & Sault Ste. Marie Railroad (6/5)**
Bids will be received by the company at Room 1410, First National-Soo Line Building, Minneapolis 2, Minn., up to noon (CDT) on June 5 for the purchase from it of $2,850,000 equipment trust certificates to be dated July 1, 1952 and due semi-annually to July 1, 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

Mississippi Power & Light Co.
March 14 it was reported company plans to issue and sell in November an issue of $8,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Equitable Securities Corp. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.

★ **Morrison-Knudsen Co., Inc.**
May 13 it was announced stockholders on June 3 will vote on increasing authorized common stock to 2,000,000 shares from 1,000,000 shares. No immediate financing planned. **Underwriter**—Blyth & Co., Inc.

National Cylinder Gas Co., Chicago, Ill.
April 24 stockholders authorized an increase in the common stock (par $1) from 1,500,000 to 2,000,000 shares. Charles J. Haines, President, said "the company has no present plans for the issuance of any additional shares of common stock, but it is desirable to have them for further expansion, if and when deemed wise by the board of directors." **Traditional Underwriters** — Paine, Webber, Jackson & Curtis and F. S. Moseley & Co.

National Supply Co.
April 2 stockholders voted to increase the authorized indebtedness from $20,000,000 to $50,000,000. There are no immediate plans for sale of any securities, but company may start using long-term bank loans to secure working capital instead of relying on short-term loans.

Nevada Natural Gas Pipe Line Co., Las Vegas, Nevada
Feb. 8 company applied to FPC for authority to construct a 114-mile pipeline from near Topock, Ariz., to Las Vegas, Nev., at an estimated cost of $2,400,880, to be financed by sale of $1,600,000 first mortgage bonds, $500,000 preferred stock and $402,500 common stock.

● **New England Power Co.**
May 14 company sought SEC authority to issue and sell $5,000,000 first mortgage bonds, series E, due June 1, 1982. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc.; Equitable Securities Corp. and Blair, Rollins & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Expected next week.

New Jersey Power & Light Co.
April 8 it was reported company plans tentatively to issue and sell $3,200,000 of bonds, $1,000,000 of preferred stock and $400,000 of common stock (latter to be sold to General Public Utilities Corp., parent). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (bonds only); Kidder, Peabody & Co.; Smith, Barney & Co.; Union Securities Corp.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler.

★ **New York Central RR.**
May 5, it was reported company may issue and sell $12,000,000 of equipment trust certificates to mature annually 1953-1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

Niagara Mohawk Power Corp.
May 6 stockholders voted to increase authorized common stock by 1,500,000 shares (11,094,663 shares presently outstanding). This places company in a flexible position with respect to formulation of future financial programs. Earle J. Machold, President, said bank loans, totaling $40,000,000 to be outstanding at Dec. 31, 1952, will be permanently financed early in 1953. **Underwriters** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

Northwest Natural Gas Co.
Jan. 7 company filed amended application with FPC in connection with its plan to build a natural gas transmission system in the Pacific Northwest to transport gas from Canada to markets in Idaho, Washington and Oregon, with a portion to be returned to Canada for use in British Columbia. The estimated overall cost of the project is approximately $92,000,000. **Underwriter**—Morgan Stanley & Co., New York. **Financing**—Not expected until after Provincial elections in April.

Pennsylvania Electric Co.
Jan. 5 it was announced that company plans to spend about $26,000,000 for expansion in 1952, to be financed, in part, by the sale of about $9,000,000 first mortgage bonds, $4,500,000 of preferred stock and $4,500,000 of common stock (the latter issue to parent, General Public Utilities Corp). **Underwriters**—For bonds and preferred stock to be determined by competitive bidding. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White, Weld & Co. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co., Inc.; Equitable Securities Corp.; Shields & Co. and R. W. Pressprich & Co. (jointly). (2) for preferred—Smith, Barney & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. **Offering**—Expected in mid-year.

Permian Basin Pipeline Co., Chicago, Ill.
April 1 company applied to FPC for authority to construct a 384-mile pipeline system from west Texas and eastern New Mexico to the Panhandle area of Texas at an estimated cost of $58,180,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York.

Philco Corp.
March 31 it was announced that stockholders will vote June 6 on authorizing an increase in indebtedness to $25,000,000, the funds to be used for capital expenditures. **Traditional Underwriter** — Smith, Barney & Co., New York.

Potomac Electric Power Co.
April 16, R. R. Dunn, President, announced company plans to raise about $40,000,000 of new money in connection with its $62,000,000 construction program in the years 1952, 1953 and 1954. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Stone & Webster Securities Corp. and Union Securities Corp. (jointly); First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co. and Blyth & Co. Inc. (jointly); Dillon, Read & Co. Inc.; Harriman Ripley & Co.. Inc.

★ **Pubco Development Co.**
May 15 it was announced that company plans to issue and sell to present warrant holders additional warrants to purchase 605,978 shares of common stock at $1 per share on a one-for-one basis. **Price** — $2 per warrant exercisable on or before Jan. 1, 1955. **Proceeds** — For purchase and development of natural gas and oil leases. **Underwriter**—Allen & Co., New York.

Public Service Co. of Indiana, Inc. (6/17)
April 7 stockholders approved proposal to issue and sell up to 800,000 shares of new preferred stock (par $25). **Underwriter**—Blyth & Co., Inc. handled common stock financing in 1951.

Public Service Co. of Indiana, Inc. (6/24)
May 2 it was reported company may issue and sell about $25,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc.

Public Service Co. of New Hampshire
May 6 it was announced company intends in June, 1952, to issue and sell 58,000 shares of $100 par value preferred stock. **Proceeds**—To retire bank loans and for new construction. **Underwriters**—To be determined by competi-

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tive bidding. Probable bidders: The First Boston Corp.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co., Inc.

★ Public Service Co. of New Mexico
May 15 it was announced company plans issuance and sale of 173,136 additional shares of common stock to common stockholders on a 1-for-7 basis. **Price**—$8 per share. **Proceeds**—For new construction. **Underwriter**—Allen & Co., New York.

★ Puerto Rico (5/27)
Sealed bids will be received by the Government Development Bank for Puerto Rico, at the offices of Mitchell and Pershing, 120 Broadway, New York, until 10 a.m. (EDT) on May 27 for the purchase of $6,400,000 of the People of Puerto Rico public improvement bonds, series 1952 (South-West Puerto Rico irrigation works), dated July 1, 1952 and due annually to July 1, 1972, inclusive.

Scott Paper Co.
April 24 stockholders approved a proposal to increase the authorized common stock from 3,000,000 to 5,000,000 shares, and the authorized indebtedness from $4,000,000 to $25,000,000. The company said it will announce later any plans for future financing. **Underwriters**—Drexel & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.

Seaboard Air Line RR. (5/22)
Bids will be received up to noon (EDT) on May 22 for the purchase from the company of $15,000,000 equipment trust certificates, series L, to be dated June 1, 1952 and to mature in 30 equal semi-annual instalments. Probable biddes: Halsey, Stuart & Co. Inc., Salomon Bros. & Hutzler; Bear, Stearns & Co.

Southern California Edison Co.
April 18 it was reported company plans to obtain between $25,000,000 and $28,000,000 of new capital through the sale of additional securities. **Proceeds**—For new construction. **Underwriters** — Probably The First Boston Corp.; Harris, Hall & Co. (Inc.) **Offering**—Expected in Fall.

Southern Natural Gas Co.
March 3 company filed with FPC a $76,000,000 expansion program to bring natural gas into its Alabama, Georgia and Mississippi service areas.

★ Southern New England Telephone Co. (6/24)
May 15 it was announced the company plans to issue and sell $15,000,000 of debentures due 1985. **Proceeds**—To retire bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane. **Registration**—Expected about May 27. **Bids**—Tentatively scheduled for June 24.

Standard Forgings Corp.
April 25 stockholders approved an increase in authorized common stock from 266,000 shares to 350,000 shares. **Traditional Underwriter**—Shields & Co., New York.

Transcontinental Gas Pipe Line Corp.
March 14 it was reported company plans issuance and sale this Fall of an issue of convertible preferred stock. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., New York.

United Gas Corp.
Feb. 6 the SEC ruled that 3,165,781 shares of common stock (approximately 27% of total outstanding) must be disposed of by Electric Bond & Share Co. **Underwriters**—If competitive, probable bidders may include Lehman Brothers.

Utah Power & Light Co.
March 7 SEC authorized company to borrow up to $10,000,000 from banks and use the money for new construction. It is intended to repay the bank loans from the proceeds of permanent financing in the fall. **Underwriters**—May be determined by competitive bidding Probable bidders: (1) For bonds—Halsey, Stuart & Co Inc.; White, Weld & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. (2) For common stock—Blyth & Co., Inc., W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp. **Registration**—Of stock, probably in August, and of bonds in September.

Waltham Watch Co.
May 5 stockholders of record April 24 were mailed rights to subscribe for 400,000 additional shares of common stock (represented by voting trust certificates), at the rate of one new share for each three shares held (with an oversubscription privilege). Rights will expire on June 11. State Street Trust Co., Boston, Mass., is subscription agent. **Price**—At par ($1 per share). **Underwriter**—None.

Washington Gas Light Co.
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (there are presently outstanding 734,400 shares). **Underwriters**—The First Boston Corp. and Johnston, Lemon & Co. handled the offering last year to stockholders. **Proceeds**—Together with bank loans and other funds to take care of proposed $6,000,000 expansion program. **Offering**—Of about 150,000 common shares expected in June.

Washington Water Power Co.
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

Our Reporter's Report

Astute observers feel that the new issue market has lost considerable of its "punch" in the last fortnight. Of the recent issues to reach investors it appears that the largest, Firestone Tire & Rubber Co.'s $75,000,000 of 25-year debentures appears to have fared the best.

Even in that particular underwriting there was some momentary stumbling around, but once it became apparent that the deal was moving hesitant buyers were quick to climb aboard. Early this week the issue was reported quoted at a small premium.

But there are goodly-sized pieces of a number of other recent issues available in underwriters' and dealers' hands such as Columbia Gas System's debentures and Union Electric of Missouri's issue and that of Fort Worth & Denver Railway.

As an added indication of the market's current spottiness it develops that other issues have been cleaning up with the latest to join that select list being New Jersey Bell Telephone Co. 8s new 3¼s.

Meanwhile the taciturn behavior of the stock market has apparently taken the edge off the investors' appetite for new equities. This section of the new capital market had been having a field day until the seasoned market dropped into the doldrums. Now, according to report, stabilizing operations are in progress in five or six recent offerings.

Watching Inventories

Those who make a business of marketing new securities are keeping a close watch on "inventories" at the moment. They have no misgivings about the basic calibre of the situation.

But for the moment they look upon these new accumulations as a sort of road-block to recovery in the secondary markets and consequently as a hurdle which must be overcome.

The fact is that they anticipate resumption of activity on the side of the rise in those markets, but are convinced that current inventories must be moved to clear the way.

The Week's Attraction

There was no gainsaying the fact that Aluminum Co. of Canada's $90,000,000 of 28-year debentures held the limelight in the week's new issue market. Carrying the quarantee of the parent company Aluminium Ltd., as to principal and interest these debentures took hold quickly with investors both here and in Canada.

It developed that some potential buyers were ruled out of the running by state laws which prevent their buying Canadian securities. But underwriters found demand brisk none-the-less.

Priced at 101½ and carrying a 3⅞% coupon, which provided a yield of 3.76%, this highly regarded issue quite apparently had all the attributes necessary to make it attractive to buyers.

National Steel Next

Next week will bring at least one large issue, National Steel's $55,000,000 of new 30-year first mortgage bonds. A negotiated operation, this offering was expected to be set up so as to be attractive to investors.

Meanwhile Tennessee Gas Transmission Co. also on a negotiated basis, will be in the market for new funds through the sale of equity securities. Bankers will be offering 100,000 preferred and 250,000 common for the account of the company.

Two With H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Doris M. Racicot and Franklin B. Sher have joined the staff of H. L. Robbins & Co., Inc., 390 Main Street.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Emanuel D. Humann, George J. Kister, and Howard Sjogren are now afffiliated with Waddell & Reed, Inc., Continental National Bank Building.

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Un Re-Opening to Provide Another Sounding-Board for Moscow's Economic Propaganda

million for fiscal 1952 mentioned), and of the economic and political strings attached to it. Pakistan delegate, Altaf Husain, editor of "Dawn," carried on at great length against the imperial and colonial domination of the West which had consigned his country to underdevelopment. Point Four is really not charity, but merely *restitution* reversing the long-continued flow of benefits from Asia to the West.

Another Pakistanian reported that his country's plans of overcoming its economic backwardness were frustrated by the growth of military production in the Western countries with their big militarization programs, the result of which was that the more developed countries were cutting their shipments of industrial equipment to Pakistan. The economically backward countries are under the control of the highly developed nations, who dictate the machinery they should have—all to the drastic hampering of their improvement.

Exploitation by Those American Monopolists

According to an Indian delegate, her restricted import market, dictated by "the American monopolies," is causing the growing impoverishment of his country, curtailment of her national industries, and freezing of wages. India's economic development depends on trade with the Soviet Union and the Chinese people's Republic.

An Argentinian delegate, who said he was "speaking in the name of Latin America," bitterly complained of United States monopolies and cartels which have been continually committing robberies which cannot be overcome by words. Complaining of "imperialist" financial aid, he insisted that "foreign capital must enrich us and not them." Use of loans for financing is really a form of robbery. Argentina needs tractors and machinery which she can only get from Russia.

One of the Canadian delegates complained that the United States grants have been accompanied by strings which prevent the social revolutionary changes needed to bring about recovery; that our money goes to local capitalists who live in luxury and with fancy wives. Our largesse is controlled by the monopolists, the wealth of the United States being in the hands of 10 large corporations. Another Canada delegate insisted as the reason for Canada being an underdeveloped country, United States exploitation, which controls 72% of her nickel, and is cutting down his country's timber lands for its enrichment.

A delegate from Mexico, Mr. tomas Cueva Dominguez, representative of the Confederation of Workers of Latin America, complained bitterly of United States' domination of her economy to the etxent of 80% of her imports versus 60% before the War, and that the U. S. monopolists' arbitrary establishment of preposterously low prices for cotton and other agricultural products has been plunging the peasants into ever-deeper poverty and unemployment—there being 250,000 unemployed agricultural laborers.

At the Moscow Conference's closing plenary session the Rapporteur officially voicing the conclusions of the Third Working Session, additionally devoted great emphasis to the plight of the underdeveloped countries, asserting they suffer acutely from poverty and disease, and calling for concerted action. He complained of their "moribund agrarian economies" and backward agricultural techniques. Agriculture must be nationalized and international policy must work toward domestic nationalization.

Stalin Will Solve All This

The answer to all this trouble has been, and will continue to lie, in manna from Uncle Joe. The so-called "Stalin Plan" will raise living standards throughout the world, without regard to varied political outlooks. Then follows the precept that rich countries should *give* capital goods plus technical aid, regardless of ideological differences. The Soviet Union with its great scientists, can very efficiently develop the under privileged lands; its engineers can build badly needed big irrigation works. Great emphasis is laid on the capital goods which the Soviet Union will supply.

The ancillary suggestion was made, by Britain's Labor M.P. Harold Davies, that the Soviet Union should be admitted to participation in the Colombo Plan. The West should raise its Iron Curtain, Asia wanting "Freedom from Contempt" as a "Fifth Freedom."

Agitation for Trading With Communist China

Pressure on ECOSOC will also no doubt be exerted for increased trading with Communist China. Although throughout the Moscow Conference the Russians quite meticulously refrained from direct criticism of the United States, Mr. M. V. Nesterov, chief Russian delegate, in a plenary session denounced the "outrageous American trade blockade against China, evidencing wanton economic aggression." Added to this column's previously described China squeeze on British businessmen, is this week's report from London that British business firms, some of which have traded there for over a century, have now definitely decided to abandon their assets, estimated at $840,000,000.

As Foreign Secretary Eden announced in the House of Commons on Tuesday of this week, the British remain unable to obtain serious confirmation of the alleged trade offers made by China at the Moscow Conference. If and when Britain's businessmen pull out of Shanghai, she will continue with all energy to press for business on governmental conditions—but surely with no reason to believe that the bleak outlook has improved.

* * *

As with the Moscow Conference, with the UN proceedings also, will the strategic agitation have to be fully and patiently answered for a worldwide audience.

DIVIDEND NOTICES

Johns-Manville Corporation

DIVIDEND

The Board of Directors declared a dividend of 75c per share on the Common Stock payable June 12, 1952, to holders of record June 2, 1952.

ROGER HACKNEY, *Treasurer*

Allegheny Ludlum Steel Corporation

Pittsburgh, Penna.

At a meeting of the Board of Directors of the Allegheny Ludlum Steel Corporation held today, May 19, 1952, a dividend of fifty cents (50c) per share was declared on the Common Stock of the Corporation, payable June 30, 1952, to Common stockholders of record at the close of business on May 31, 1952.

The Board also declared a dividend of one dollar nine and three-eighths cents ($1.09375) per share on the $4.375 Cumulative Preferred Stock of the Corporation, payable June 15, 1952, to Preferred stockholders of record at the close of business on May 31, 1952.

T. A. WHEELER,
Assistant Secretary

DIVIDEND NOTICE

The ARO EQUIPMENT CORP.

Bryan, Ohio

ARO

• The Board of Directors has declared a stock dividend of 10% in common stock, payable June 12th to shareholders of record at the close of business May 26th.

L. L. HAWK
Sec.-Treas.

May 19, 1952

DIVIDEND NOTICES

BRIGGS & STRATTON

BRIGGS & STRATTON CORPORATION

DIVIDEND

The Board of Directors has declared a quarterly dividend of twenty-five cents (25c) per share and an extra dividend of fifteen cents (15c) per share, on the capital stock (without par value) of the Corporation, payable June 16, 1952, to stockholders of record June 2, 1952.

L. G. REGNER, Secretary.

May 20, 1952.

THE BYRNDUN CORPORATION

The Directors of The Byrndun Corporation on May 15, 1952 declared dividends as follows: $1.50 per share on the Participating Preferred Stock, $2.50 per share on the Class A Participating Stock, $3.50 per share on the Second Preferred Stock; and at the rate of one share of 4½% Cumulative Preferred Stock of Hat Corporation of America on each 100 shares on combined holdings of Class A Participating Stock, Class A Common Stock and Common Stock; no fractional shares will be delivered but in lieu thereof stockholders will receive cash at the rate of Thirty-six Cents (36¢) for a one hundredth of a share of said 4½% Cumulative Preferred Stock; no dividends on fractional shares; all payable on June 10, 1952 to stockholders of record at 3:00 P.M. on May 26, 1952.

H. G. FAHLBUSCH, *President*

May 15, 1952.

DIVIDEND NOTICES

THE SAFETY CAR HEATING AND LIGHTING COMPANY, INC.

DIVIDEND NO. 220

The Board of Directors has declared a dividend of 25¢ per share on the outstanding Capital Stock of the Company of the par value of $12.50 per share, payable July 1, 1952, to holders of record at the close of business June 10, 1952.

J. H. MICHAELI,
Treasurer

May 13, 1952

CITY INVESTING COMPANY

25 BROAD STREET, NEW YORK 4, N. Y.

The Board of Directors of this company on May 21, 1952, declared the regular quarterly dividend of $1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the Company, payable July 1, 1952, to stockholders of record at the close of business on June 16, 1952.

The Board of Directors of this company on May 21, 1952, declared a dividend of 20 cents per share on the outstanding Common Stock of the company payable June 14, 1952 to stockholders of record at the close of business on June 2, 1952.

EDWARD PRAHER, Secretary.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 149 of fifty cents (50¢) per share on the common stock payable July 15, 1952, to stockholders of record at the close of business on June 13, 1952.

GERARD J. EGER, Secretary

KENNECOTT COPPER CORPORATION

161 East 42d Street New York 17, N.Y.

May 16, 1952

A cash distribution of One Dollar and Twenty-five Cents ($1.25) a share has been declared today by Kennecott Copper Corporation, payable on June 27, 1952, to stockholders of record at the close of business on May 29, 1952.

ROBERT C. SULLIVAN, *Secretary*

O'okiep Copper Company Limited

Dividend No. 22

The Board of Directors today declared a dividend of twelve shillings per share on the Ordinary Shares of the Company payable June 3, 1952.

The Directors authorized the distribution of the said dividend on June 13, 1952 to the holders of record at the close of business on June 6, 1952 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $1.66 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to June 3, 1952. Union of South Africa non-resident shareholders tax at the rate of 7½% will be deducted.

By Order of the Board of Directors,
H. E. DODGE, *Secretary.*

New York, N. Y., May 21, 1952.

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of $1.00 per share and an additional dividend of 75 cents per share on the Company's capital stock, payable June 16, 1952, to stockholders of record at the close of business May 26, 1952.

E. F. VANDERSTUCKEN, JR.,
Secretary

TENNESSEE CORPORATION

61 Broadway, New York 6, N. Y.

May 12, 1952

A dividend of fifty (50¢) cents per share has been declared, payable June 27, 1952, to stockholders of record at the close of business June 12, 1952.

JOHN G. GREENBURGH
Treasurer.

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 42 cents per share on the Common Stock of the Company, payable July 1, 1952 to stockholders of record at the close of business May 29, 1952.

JOHN HUME
Secretary

May 16, 1952.

20th CENTURY FOX

TWENTIETH CENTURY-FOX FILM CORPORATION

A quarterly cash dividend of $.50 per share on the outstanding Common Stock of this Corporation has been declared payable June 28, 1952 to stockholders of record at the close of business on June 5, 1952.

DONALD A. HENDERSON,
Treasurer.

Public Service Electric and Gas Company

NEWARK, N. J.

QUARTERLY DIVIDENDS

Dividends of $1.02 a share on the 4.08% Cumulative Preferred Stock, $1.17½ a share on the 4.70% Cumulative Preferred Stock, 35 cents a share on the $1.40 Dividend Preference Common Stock, and 40 cents a share on the Common Stock, have been declared for the quarter ending June 30, 1952, all payable on or before June 30, 1952 to holders of record at the close of business on June 2, 1952.

GEORGE H. BLAKE
President

PUBLIC SERVICE
CROSSROADS OF THE EAST

DIVIDEND NOTICES

CONSOL

The Board of Directors of

PITTSBURGH CONSOLIDATION COAL COMPANY

at a meeting held today, declared a quarterly dividend of 75 cents per share on the Common Stock of the Company, payable on June 12, 1952, to shareholders of record at the close of business on May 29, 1952. Checks will be mailed.

CHARLES E. BEACHLEY,
Secretary-Treasurer

May 19, 1952.

UNITED FRUIT COMPANY

212th

Consecutive Quarterly Dividend

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable July 15, 1952 to stockholders of record June 13, 1952.

EMERY N. LEONARD
Secretary and Treasurer

Boston, Massachusetts, May 19, 1952

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of twenty-five cents (25¢) per share on the Common Stock of the Corporation, payable July 1, 1952, to stockholders of record at the close of business on June 10, 1952.

B. H. WINHAM,
Secretary

May 21, 1952

The Mark of Quality

At a meeting of the Board of Directors of The Weatherhead Company, held May 7, 1952, a Dividend of $1.25 per share was declared upon the $5.00 Cumulative Preferred Stock of the Company, payable July 15, 1952 to the holders of such stock at the close of business on July 1, 1952.

MORRIS H. WRIGHT
Vice President & Treasurer

THE WEATHERHEAD COMPANY
300 E. 131st St. • Cleveland 8, Ohio

AMERICAN Cyanamid COMPANY

Preferred Dividend

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of Eighty-Seven and One-Half Cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series A and Series B, payable July 1, 1952, to the holders of such stock of record at the close of business June 2, 1952.

Common Dividends

The Board of Directors of American Cyanamid Company today declared

1. A quarterly dividend of One Dollar ($1.00) per share on the outstanding shares of the Common Stock of the Company, payable June 27, 1952, to the holders of such stock of record at the close of business June 2, 1952;

and

2. A stock dividend of one share of Common Stock on each of the shares of the Common Stock of the Company, outstanding at the close of business June 23, 1952, payable July 16, 1952, to the holders of such stock of record at the close of business June 23, 1952.

R. S. KYLE, *Secretary.*

New York, May 20, 1952

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET NEW YORK 8, N. Y.

The Directors of American Car and Foundry Company today declared, out of the earnings for the fiscal year ended April 30, 1952, a dividend for the year of 7% upon the par amount of the preferred shares outstanding, payable in four installments, each of 1¾%, payable respectively, (1) Preferred dividend No. 180, on July 1, 1952 to stockholders of record at the close of business June 13, 1952; (2) Preferred dividend No. 181, on October 1, 1952 to stockholders of record at the close of business September 12, 1952; (3) Preferred dividend No. 182, on January 2, 1953 to stockholders of record at the close of business December 12, 1952 and (4) Preferred dividend No. 183, on April 1, 1953 to stockholders of record at the close of business March 13, 1953.

Checks will be mailed by the Guaranty Trust Company of New York. The transfer books will remain open.

C. ALLAN FEE, *Secretary*

May 15, 1952

AMERICAN WOOLEN COMPANY

INCORPORATED

"THE GREATEST NAME IN WOOLENS"

At the meeting of the Board of Directors of American Woolen Company, held today, the following dividends were declared:

A regular quarterly dividend of $1.00 per share on the $4 Cumulative Convertible Prior Preference Stock payable June 16, 1952 to stockholders of record May 31, 1952.

A regular quarterly dividend of $1.75 per share on the 7% Cumulative Preferred Stock payable July 15, 1952 to stockholders of record July 1, 1952.

Transfer books will not be closed. Dividend checks will be mailed by the Guaranty Trust Company of New York.

F. S. CONNETT,
Treasurer.

May 21, 1952.

Edison

Southern California Edison Company

DIVIDENDS

**ORIGINAL PREFERRED STOCK
DIVIDEND NO. 172**

**CUMULATIVE PREFERRED STOCK
4.32% SERIES
DIVIDEND NO. 21**

The Board of Directors has authorized the payment of the following quarterly dividends:

50 cents per share on Original Preferred Stock;

27 cents per share on Cumulative Preferred Stock, 4.32% Series.

The above dividends are payable June 30, 1952, to stockholders of record June 5, 1952. *Checks will be mailed from the Company's office in Los Angeles, June 30, 1952.*

P. C. HALE, *Treasurer*

May 16, 1952

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Public power boys are all set to stage a big show here in a few days at just about the right time to try to pressure the Senate into restoring some $60 million which the House cut from the Interior Department's public power program.

This is the primary objective of the so-called "Electric Consumers Conference" to be held here Monday and Tuesday of next week. The meeting is sponsored by the National Farmers Union, the CIO, the Brotherhood of Railway Trainmen, the United Auto Workers, the International Association of Machinists, the National Rural Electric Association, the United Steel Workers, the American Public Power Association, the Cooperative League, the Tennessee Valley Public Power Association, the Judson King Foundation, the Public Affairs Institute, the Textile Workers of America, and others.

"It was announced that the ECC was organized to provide consumers with a national forum in which to express their views, guard their rights, and counter attacks by private utilities on the nation's public power program," stated the formal press release on this show.

A secondary purpose of the meeting will be to try to organize sentiment behind public power for the national election.

The roster of the organizations sponsoring this conference reads like a listing of some of the main lobbies created to maintain vested interests in either "Fair Deal" expenditures and programs, or special preferences given by Federal legislation enacted during the course of the last 20 years.

* * *

Another Administration "company union" lobby has been moved to new efforts, also allegedly because of economies proposed by the House. This is the public housing lobby, now trading and doing lobby business under the name of the "National Housing Conference, Inc.," a change from its previously more accurate name of "National Public Housing Conference."

At a recent Washington meeting of this organization Harry Truman and a couple of other characters berated the private housing industry and the nasty House of Representatives for proposing to put a limit of 5,000 on the number of new and additional public housing units which could be authorized in fiscal '53.

However, according to some surprising information which has been compiled by the National Association of Home Builders, the most serious trouble of the public housers may not, after all, merely be with Congress.

That two or three big cities had weighed the merits of public housing and found them wanting, has been widely publicized. What has not been known is the fact that since the 1949 act was passed, the Public Housing Administration by and large has been turned down by most of the supposed recipients of this sleight-of-hand largesse known as public housing.

In 39 cities, the public has been given a vote on the question of accepting public housing. In 32 of these referenda, public housing was rejected. The rejects came from such sizable cities as Los Angeles, Seattle, Milwaukee, Grand Rapids, Flint, Portland, Ore., Madison and Akron. Among the seven cities where voters approved public housing, only Miami, Fla., was a sizable city.

Furthermore, according to the NAHB compilation, in 35 other cities where the decision was left to the city council, the councils rejected public housing.

What is superficially surprising about this is that, through a series of accounting tricks, 90% of the capital cost of each project is in practical fact an ultimate Federal gift to the city.

However, NAHB, using official figures, showed why cities are souring on this benefit. Analyzing official figures, NAHB found that the national average total cost of housing one tenant under the public housing program is $20,789 throughout a 29-year period. Under the 90% gift of the capital cost, the Federal Government contributes $8,522 per tenant. The tenant, getting subsidized, less than commercial rent, pays $8,004 of this cost, which includes maintenance as well as capital cost.

On the other hand, the city itself contributes $4,263 for each average tenant. The reason for this is that the lump sum Public Housing Administration allows the city to collect from its dummy local public housing authority front is so much less than the taxes would be on commercial rental property that the cost to the city is considerable.

In other words, it is explained, the Federal Government cannot seem to get these deals down to a cost, even paying 90% of the capital cost, where they are worth the price to cities.

Under the circumstances the public housing lobby is moving heaven and earth to try to make it possible for public housing to "take in" the better-heeled tenants so it can charge them more. Because public housing was created for the alleged purpose of housing the "underprivileged," the public housing lobby has to move cautiously on this endeavor. At the national conference in Washington, it stopped just short of proposing to take middle income families into public housing.

* * *

Due almost single-handedly to the efforts of Rep. William M. Colmer (D., Miss.), one of the conservative leaders of the South, the House just might get a chance to vote on Senator John L. McClellan's (D., Ark.) plan to set up a sizable technical staff to aid the members of the Appropriations Committees of the House and Senate to analyze budget requests and find out where the wastes and extravagances are which might be eliminated.

McClellan's bill has some extraneous features, but it is chiefly known for its feature of creating this technical staff of full-time men who would make it their business to know exactly what each department and agency was doing with its money. The members of the Appropriations Committees themselves, pressed for time, usually have to rely on what they are told by bureaucrats coming seeking funds.

Chief obstacle which the McClellan bill has to hurdle is the Appropriations Committee members who are jealous of their jurisdiction and don't want advice from an outside staff.

After the Senate passed the McClellan bill, it was first referred to the Rules Committee of the House and then was taken away from the Rules Committee and referred to Expenditures. The latter is reported to be opposed to the bill. Colmer is a member of Rules, and an advocate of the idea. He managed to get the bill sent back to Rules again, where a hearing was scheduled for today.

If Colmer can get the Rules Committee to OK his variation of the bill, the chances are fair the House might approve it, but differences with the Senate will have to be ironed out before final approval could be guaranteed.

* * *

Whether the Senate Banking Committee has or has not slapped down Labor Secretary Tobin, a good fight is in store on the Senate floor on Mr. Tobin's attempt, via regulation, to "legislate" a broad increase in the scope of the Walsh-Healy Public Contracts act.

Under this act any businessman manufacturing or supplying as little as $10,000 worth of goods are required to pay minimum wage rates determined by the Secretary of Labor, with time and one-half pay for any time over eight hours a day or 40 hours a week.

Under the guise of this act the Secretary proclaimed in the "Federal Register" a proposed set of regulations, to become effective next July 1, to extend the coverage to subcontractors. These regulations would saddle the prime contractor or dealer with the responsibility of making sure that his subcontractor complied with the Walsh-Healy act. Furthermore, the contractor or supplier must give assurances of conformance of any and all subcontractors as a condition to receiving a government supply contract.

This fairly big power grab is typical of the Washington scene where, so many balls are being juggled in the air at the same time by so many hundreds of agencies, that it is not possible for publicity to be made known widely of each attempted reach for power.

Senator J. William Fulbright (D., Ark.), however, proposed to end this monkey business by a simple amendment to the Defense Production Act stating that the Secretary of Labor should follow the law.

Regardless of what the Senate Banking Committee does on the Fulbright amendment, it would seem assured of consideration on the floors of both Houses.

* * *

The Federal Reserve study of bank earnings in relation to the excess profits tax, which will be issued shortly in final form, probably will indicate that EPT in relation to ALL bank earnings is a minor factor, even though it is an important deterrent to retention of earnings by some of the larger banks.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

"Perhaps a trifle overdramatic—but he really collects the dough!"

With Crowell, Weedon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George H. Bidwell has become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. He was formerly with Morgan & Co. and Merrill Lynch, Pierce, Fenner & Beane.

National City Group Offers Houston Bonds

A syndicate headed by the National City Bank of New York made public offering on May 19 of $13,155,000 Houston, Texas, 2% and 2¼% various purposes bonds at prices to yield from 1.05% to 2.40%, according to coupon rate and date of maturity. The bonds are dated July 1, 1952 and include $3,205,000 2s, due on July 1 from 1953 to 1972 inclusive, and $9,950,000 2¼s, due on July 1 from 1953 to 1982 inclusive. The bonds are general obligations of the City of Houston, payable from ad valorem taxes which may be levied on all of the city's taxable property within the limits prescribed by law.

James F. Martin With White, Noble & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — James F. Martin has become associated with White, Noble & Company, Buhl Building, members of the Detroit Stock Exchange. Mr. Martin has recently been associated with Bache & Co. In the past he was a partner in Wright Martin & Co.

Ira Haupt & Co. Opens New Branch Office

Ira Haupt & Co., members of the New York Stock Exchange, announce the opening of a new Fordham Road office at 2449 Morris Avenue under the management of William LaCroix. Associate managers at the new office will be Sidney Levy and Irving J. Rosen.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Curtis B. Dryden is now with Waddell & Reed, Inc.

Joins Gibbs & Coe

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Mary A. Driscoll has been added to the staff of Gibbs & Coe, 507 Main Street.

Joseph Unger Opens

BROOKLYN, N. Y. — Joseph Unger is engaging in the securities business from offices at 30A Joralemon Street.